The Impact of Cash Ratio, Debt To Equity Ratio, Receivables Turnover, Net Profit Margin, Return On Equity, and Institutional Ownership To Dividend Payout Ratio

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Abstract

The purpose of this research is to know the influence of cash ratio, DER, receivable turnover, NPM, ROE, and institutional ownership on dividend payout ratio at manufacturing company. This research was conducted at manufacturing company listed in BEI period 2011 until 2016. The sampling technique used is purposive sampling, which is a sample of 19 companies. Data analysis in this study using classical test, multiple linear regression analysis, F test, adjusted R square, and t test. From the results of the research is known that receivables turnover, return on equity, and institutional ownership have a significant positive effect on dividend payout ratio. While the rest, cash ratio, DER, and NPM did not significantly affect the dividend payout ratio in manufacturing companies in 2011-2016.

Keywords

Dividend, Receivables Turnover, Return on Equity, Institutional Ownership, Cash Ratio, Debt to Equity Ratio, Net Profit Margin

INTRODUCTION

Stock investment activities in the capital market can provide benefits to investors in two forms. First, capital gain which is the difference between the buying value and the selling value of a stock (Ross et al., 2013: 306). Second, dividends, both cash dividends and stock dividends (Ross et al., 2013: 581). Companies that record net income in the current year have two choices of use, whether the management of the company will hold back its net income in the form of retained earnings or will pay it to shareholders in the form of dividends.

According to Lintner (1956), companies will try to pay dividends at a stable level and can be maintained for a long time. He added that the company would not raise dividends to levels that were difficult to continue. However, agency costs and information asymmetry can be reduced by paying high dividends (Fairchild, 2010). In addition, for emerging countries according to Sawicki (2008), high dividends are an efficient way to build and improve a company's reputation. Another study conducted by Jensen (1986) also states that high dividend payments show little agency problems and information asymmetry.

The appropriate allocation of company management about how much the portion of the net profit held and paid to shareholders can affect the sustainability of the company concerned. Therefore, company managers must be able to determine carefully the amount of net income which will later be reinvested into the company's business operations and how much portion of the net profit will be paid to its shareholders (Patrick et al., 2017). When the management views that the company has the opportunity to develop, then the portion of the existing net income will be retained as retained earnings for its expansion costs. Of course this will reduce the amount of dividends paid by the company, because both retained earnings and dividends, both of which come from existing net income.
Sometimes the size of the dividend or determined retained earnings often creates problems. This is because management as an agent wants large retained earnings as the company's expansion costs when seeing companies still have the opportunity to develop (Pribadi and Djoko, 2012). On the other hand, they also argue that the shareholders (principals) also want payment of large amounts of dividends as a form of return on the funds they have invested.

"The harder we look at the dividend picture, the more it seems like a puzzle, with pieces that just don't fit together", is one of the most famous quotes about dividends proposed by Black (1976). In his research, he argues that it is still confusing why companies pay dividends, and why investors pay attention to company dividends. Another study conducted by Bhattacharyya (1979) also concluded that dividend policy is one of the most difficult. Kania and Bacon (2005) also argue that dividend policy is not an easy financial decision. It is not surprising that dividend policy is one of the most debated topics in corporate finance (Baker, 2009: 30). Al-Najjar (2011) also argues that it is still confusing why companies pay dividends even though they are experiencing financial difficulties, or why managers often do not pay dividends even though they have enough resources to pay them. Therefore, more empirical and theoretical research on dividends is needed so that a consensus can be achieved.

Miller and Modigliani (1961) found that dividends did not affect the value of company shares, or known as irrelevance theory. Miller Modigliani believes that in perfect market conditions, the value of a company is not influenced by the capital structure and dividend policy. MM opinion is different from what was found by Lintner (1956) and Gordon (1959), they argue that investors value dividends more than capital gains and the more money the company pays in the form of dividends, the more valuable the company is.

If it is true that company value is influenced by dividend policy, it is important for company management to know what factors determine the size of dividends. Therefore, this study tries to examine how the company's financial performance affects the company's dividend policy. Financial performance used in this study is seen from liquidity ratios, leverage ratios, turnover ratios, and profitability ratios.

According to Ross et al. (2013: 43) liquidity ratio is a ratio used to measure a company's ability to pay off company bills in the short term. Therefore, this ratio is an attractive ratio for short-term creditors. Research conducted by Kania and Bacon (2005) shows that liquidity ratios have a significant negative effect on dividend payout ratio. Whereas research conducted by Trang (2012) found that company liquidity had no effect on dividend policy. Another study conducted by Jozwiak (2015) and Patrick et al. (2017) found different results, the liquidity ratio had a negative effect on the dividend payout ratio but was not significant. Another result was found by Labhane and Mahakud (2016), finding that the liquidity ratio had a significant positive effect on dividend policy. Many previous studies used the current ratio and quick ratio to measure the company's dividend policy. In this study, researchers tried to use a cash ratio. This is because the cash ratio, which only considers cash and marketable securities, is the best indication of a company's ability to cover its short-term obligations when in an emergency (Palepu et al., 2003: 331).

Leverage ratio is a ratio that measures a company's long-term ability to fulfill its obligations (Ross et al., 2013: 50). The use of debt at one time can increase the profits of the company's shareholders, but if the condition of the company is bad, the use of debt will actually bring bankruptcy if the amount of debt is too large (Brealey et al., 2011: 716). This study will examine the effect of leverage on dividend policy, so researchers argue that the comparison between total debt and total shareholder equity is the most appropriate measure in measuring the level of leverage of the company. The leverage ratio in this study is proxied by a debt to equity ratio. Research conducted by Ho (2003), shows that DER has a positive but not significant effect on dividend payout ratio. Other results were found by Marietta and Djoko (2013), where DER had a significant positive effect on the DPR. Different results were found by Al-Malkawi (2008), Sampurna and Endang (2015), DER had a significant negative effect on dividend policy.

Asset management or turnover ratio measures how efficiently a company uses their assets to generate sales (Ross et al., 2013: 52). The cost of corporate capital will be too high if the company has too many assets, and this will reduce the profit
generated by the company (Brigham and Houston, 2007: 105). In this study, the ratio of asset management or turnover is proxied by receivable turnover which measures how efficient the company is in managing its accounts receivable.

According to Brigham and Houston (2007: 112), profitability ratios are ratios that reflect a combination of all financial policies and company operational decisions. There are two profitability ratios used in this study, namely: net profit margin (NPM) and return on equity (ROE). NPM and ROE are two different ratios, although both are included in the company’s profitability ratio. According to Brigham and Houston (2007: 112) net profit margin is a ratio that measures net income per unit of sale currency by dividing net income by sales. While return on equity measures much the company’s profit level is seen from its shareholder equity (Brigham and Houston, 2007: 115). Research conducted by Kania and Bacon (2005), and Jozwiak (2015), found that ROE had a significant negative effect on dividend payout ratio. Meanwhile, research conducted by Patrick et al. (2017) shows different results, ROE has a negative but not significant effect on the DPR. Another study conducted by Aivazian et al. (2003) show that ROE has a positive effect on dividend policy.

Researchers also consider institutional ownership as a variable that can influence the company’s dividend policy other than the financial ratios previously mentioned. In Indonesia, in the company’s shareholding structure, institutional ownership is usually the largest shareholder of the company. Apabalia refers to the Law of the Republic of Indonesia Number 40 of 2007 concerning Limited Liability Companies, the amount of dividend is not absolutely full of managers or internal company decisions but is determined at the General Meeting of Shareholders (GMS). This means that institutional ownership is very dominant in determining whether the company must share or not share its net income with its shareholders. Research conducted by Kania and Bacon (2005) shows that institutional ownership has a positive effect on dividend policy. However, different results were found by Taufan and Wahyudi (2013) who found that institutional ownership had a significant negative effect on the dividend payout ratio.

Indonesia ranks ninth in the world in terms of manufacturing industry competitiveness. If you look at previous years, Indonesia’s manufacturing competitiveness rating continues to improve from year to year. Indonesia’s manufacturing industry ranked 18th in 1990, ranked 15th in 2000, 14th in 2010, 11th in 2015, and ranked 9th in 2016. Judging from the percentage of manufacturing industry to GDP, Indonesia far left other ASEAN countries not even entered in the top 15. This ranking is the result of a recent survey conducted by the United Nations Industrial Development Organization (UNIDO) at the end of 2016.

Based on what has been described before, the researcher is interested in conducting research on the topic, “The Effect of Cash Ratio, Debt to Equity Ratio, Receivables Turnover, Net Profit Margin, Return on Equity, and Institutional Ownership on Dividend Payout Ratio (Empirical Study on Companies Manufacturing that is listed on the Indonesia Stock Exchange).

The purpose of this study was to determine the effect of the cash ratio, debt to equity ratio, receivables turnover, net profit margin, return on equity, and institutional ownership of the dividend payout ratio in manufacturing companies listed on the Indonesia Stock Exchange. The results of this study are expected to be a consideration for company managers when they will pay or not pay cash dividends to the company’s shareholders. In addition, this research can also be used as a consideration for investors when choosing which stocks will pay dividends rationally when looking at the company’s financial performance.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Dividend
When a company succeeds in operating its business, the company will make a profit. According to Brigham and Houston (2007: 479), there are three choices when companies are able to generate profits, namely: can invest it again into operating assets, to pay off debt, or can be distributed to shareholders. Companies can distribute profits to shareholders in two ways, whether by paying dividends or buying back a portion of the outstanding shares (Brealey et al., 2011: 391).

Agency Theory
According to Ross et al. (2013: 13), agency relationship is a relationship between the management of the company and its shareholders. Where managers in this case
are referred to as agents, while shareholders as principals. The relationship between company management and shareholders at one time can lead to a conflict of interest between the two or commonly referred to as agency problem. This agency problem occurs when managers do not act in the best interests of their shareholders. Costs arising from a conflict of interest between principal and agent are referred to as agency costs.

**Dividend Policy Theory**

1) **The Bird in the Hand Theory**

This theory states that investors will prefer to invest in stocks that pay dividends today rather than investing in stocks that hold back profits and then pay dividends in the future. This is because, although future capital gains may have a greater return than current dividends, there is no guarantee that investors will get a higher return because uncertainty about the future is also high (Gordon, 1962).

2) **Dividend Irrelevance Theory.**

Miller and Modigliani (1961) argue that under perfect market conditions, it means that no taxes are paid on dividends, no transaction costs, and no asymmetric information, the dividend policy does not affect the company's stock price.

3) **Signaling Theory**

An unexpected increase in dividends will usually be followed by a significant increase in stock prices, and vice versa, a decrease in dividends will be followed by a decrease in the company's stock price. One reason that underlies this market reaction is that changes in dividends are often considered to signal the future prospects of the company, including the prospect of profit.

4) **Catering Theory of Dividend**

Catering theory of dividend is a new theory of dividends based on investor sentiment (Baker, 2009: 234). The catering theory of dividend highlights the role of investors in determining dividend policy. The essence of catering theory is that managers will give investors what they want now. The company manager will initiate payment of dividends when investors value the shares of the divide paying company. Instead the company manager will not pay dividends if investors prefer companies that do not pay dividends.

5) **Clientele Effect Theory**

Clientele effect theory states that dividend rates will be different for different groups of investors, because different clients or groups of shareholders will like different dividend policies (Brigham and Houston, 2007: 482).

6) **Residual Theory**

According to Brigham and Houston (2007: 485), the residual word means residual, and the residual dividend policy means dividends paid from the remaining profits.

**Pecking Order Theory**

Pecking order theory is one theory about how companies tend to obtain funding sources. This theory is based on the opinion that companies will choose funding sources starting from those who have the smallest risk. According to Myers (1984) company preferences in determining funding sources follow the following sequence:

1) The company prioritizes using funding from internal sources (retained earnings).
2) If internal funding is still lacking, the company will seek external funding. The company will first choose funding from debt and then issue new equity. This is because the cost of issuing debt is seen as cheaper compared to the issuance of new equity. The company will only use funding from the issuance of new equity if the funding from the debt is deemed no longer possible.

**Dividend Payout Ratio**

The two most common ways to measure dividend policy are to use a dividend payout ratio or dividend yield. According to McManus et al. (2004) the signaling effect of dividend payout ratio is more informative, because it only considers the internal factors of the company (dividend and earnings) when compared with dividend yield. This is because dividend yield considers the company's stock price, where stock prices are formed from investor supply and demand that occur in the capital market.

**Cash Ratio**

The Liquidity Ratio in this study is represented by a cash ratio. According to Ross et al. (2013: 50) Short-term creditors are very interested in this ratio. Cash ratio is the result of cash divided by short-term liabilities. Cash ratio is used to measure the adequacy of available cash (Libby et al., 2009: 723).

**Debt to Equity Ratio**

Libby et al. (2009: 728-729) suggested that debt to equity ratio is the proportion of corporate debt to shareholders’ equity. Debt is risky for companies because interest
payments must be made even though the company does not have enough income to pay it. They added, because of the importance of the relationship between risk-return, many analysts consider that the debt to equity ratio is a key ratio in evaluating the performance of each company.

**Receivables Turnover**
Brealey et al. (2011: 714) states that trade receivables are sales of companies that have not been collected in the form of money. The accounts receivable turnover ratio is calculated from sales divided by the number of accounts receivable. They argue that if customers pay fast in debt, unpaid bills will have a relatively small proportion of sales and consequently the accounts receivable turnover will be high. A high ratio indicates the efficiency of the company in collecting receivables.

**Net Profit Margin**
Many factors can affect the ratio of the net profit margin, such as: cost of goods sold, costs, interest and the amount of tax (Najmudin, 2011: 77). The higher the profit margin, the greater the net profit available to increase the company's assets, so that the company's need for external funding will be smaller (Brigham et al., 2007: 558).

**Return on Equity**
Kieso et al. (2013: 849) argue that return on equity measures profitability from the perspective of shareholders. This ratio shows how much net income the company generates from invested shareholders' money. They added that return on equity also helps shareholders to assess the feasibility of a stock when the overall market conditions are not in good condition.

**Institutional ownership**
According to Soliman et al. (2012) the ownership structure of the company is divided into three forms, namely: institutional ownership, managerial ownership, and foreign ownership. Ullah et al. (2012) argue that institutional ownership is the number of company shares owned by institutions, such as banks, insurance companies, investment companies and other companies.

**Research Hypothesis:**
H1: Cash ratio has a positive effect on dividend payout ratio.
H2: Debt to equity ratio has a negative effect on dividend payout ratio.
H3: Receivables turnover has a positive effect on dividend payout ratio.
H4: Net profit margin has a positive effect on dividend payout ratio.

**METHOD**
This research is a quantitative research with associative studies which aims to determine the relationship between independent variables with the dependent variable (Sugiyono, 2013: 224). The object of this research is financial statements with variable cash ratios, debt to equity ratio, receivables turnover, net profit margin, return on equity, institutional ownership as independent variables, and dividend payout ratio as the dependent variable. Case studies are carried out on manufacturing companies listed on the Indonesia Stock Exchange in the period of 2011 to 2016. The data used in this study is secondary data taken from the site www.idx.co.id in the form of annual reports and other data. needed in research. The population in this study were all manufacturing companies listed on the Indonesia Stock Exchange for the period of 2011 to 2016. The sampling method was purposive sampling, which is taking research samples using certain criteria, and obtained the number of research samples as large as the company.

**Dividend Payout Ratio**
\[
\text{Dividend Payout Ratio} = \frac{\text{Dividend Per Share (DPS)}}{\text{Earning Per Share (EPS)}}
\]

**Cash Ratio**
\[
\text{Cash Ratio} = \frac{\text{Cash + Marketable Securities}}{\text{Current Liabilities}}
\]

**Debt to Equity Ratio**
\[
\text{Debt Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Total Stockholder Equity}}
\]

**Receivables Turnover**
\[
\text{Receivables Turnover} = \frac{\text{Sales}}{\text{Account Receivable}}
\]

**Net Profit Margin**
\[
\text{Net Profit Margin} = \frac{\text{Net Income}}{\text{Sales}}
\]

**Return on Equity**
\[
\text{Return on Equity} = \frac{\text{Net Income}}{\text{Total Equity}}
\]
**Data Analysis Technique**

The data analysis technique used in this study used the classical assumption test, multiple regression analysis, F test, adjusted R Square and t test.

**Normality Test**

Table 1. Normality Test Result

<table>
<thead>
<tr>
<th>One-Sample Kolmogorov-Smirnov Test</th>
<th>Unstandardized Residual Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td>0.074</td>
</tr>
<tr>
<td>Asymp. Sig. (2-Tailed)</td>
<td>0.173</td>
</tr>
</tbody>
</table>

Based on the output above the Sig. (2-Tailed) of 0.173 > 0.05 (α). It can be said that the data tested is normally distributed.

**Multicollinearity Test**

Table 2. Multicollinearity Test Result

<table>
<thead>
<tr>
<th>Variable</th>
<th>Colinearity Statistic</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOL</td>
<td>VIF</td>
<td></td>
</tr>
<tr>
<td>Cash Ratio</td>
<td>0.477</td>
<td>2.096</td>
</tr>
<tr>
<td>DER</td>
<td>0.345</td>
<td>2.901</td>
</tr>
<tr>
<td>Receivables Turnover</td>
<td>0.809</td>
<td>1.236</td>
</tr>
<tr>
<td>NPM</td>
<td>0.533</td>
<td>1.877</td>
</tr>
<tr>
<td>ROE</td>
<td>0.353</td>
<td>2.834</td>
</tr>
<tr>
<td>Institutional Ownership</td>
<td>0.654</td>
<td>1.528</td>
</tr>
</tbody>
</table>

Based on the data in the table above, it can be seen that all independent variables of the study, namely: cash ratio, debt equity ratio, receivables turnover, net profit margin, return on equity, and institutional ownership are free from the symptoms of multicollinearity. This is because the TOL value is above 0.10 and the VIF value is less than 10.

**Heteroscedasticity**

Table 3. Heteroscedasticity Test Result

<table>
<thead>
<tr>
<th>Variable</th>
<th>sig.</th>
<th>Kesimpulan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Ratio</td>
<td>0.188</td>
<td>No heteroscedasticity</td>
</tr>
<tr>
<td>DER</td>
<td>0.565</td>
<td>No heteroscedasticity</td>
</tr>
<tr>
<td>Receivables</td>
<td>0.222</td>
<td>No</td>
</tr>
</tbody>
</table>

Based on the table above, it can be seen that all the variables of significance value > α (0.05). Therefore, the regression model can be declared free from the problem of heteroscedasticity.

**Autocorrelation Test**

Table 4. Autocorrelation Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.701</td>
<td>0.492</td>
<td>0.458</td>
<td>12.53</td>
</tr>
</tbody>
</table>

R Square value is 0.492, this value is used to find χ² count. The value of itung² count is sought by the formula: \( \chi^2 \text{ count} = (n - 1) \times R^2 \). Where n is the number of observations (114), then the value of \( \chi^2 \text{ count} = (114 - 1) \times 0.491 = 55.596 \). Whereas \( \chi^2 \) tables with df = (α, n-1), then the value of \( \chi^2 \) table = (0.05, 113) = 138.811. So it can be concluded that there is no problem of autocorrelation because the value of itung² count (55.596) ≤ value \( \chi^2 \) table (138,811).

**Multiple Regression Analysis**

Table 5. Regression Analysis Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Regressio n Coefficient ( t )</th>
<th>( t \text{ test} )</th>
<th>( \text{sig.} )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Ratio</td>
<td>- 0.031</td>
<td>- 1.285</td>
<td>0.202</td>
</tr>
<tr>
<td>DER</td>
<td>0.064</td>
<td>1.146</td>
<td>0.254</td>
</tr>
<tr>
<td>Receivables</td>
<td>0.323</td>
<td>2.268</td>
<td>0.025</td>
</tr>
<tr>
<td>Turnover</td>
<td>- 0.011</td>
<td>- 0.022</td>
<td>0.982</td>
</tr>
<tr>
<td>NPM</td>
<td>0.246</td>
<td>2.519</td>
<td>0.013</td>
</tr>
<tr>
<td>ROE</td>
<td>0.547</td>
<td>5.461</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Based on the table above, it can be seen that all independent variables of the study, namely: cash ratio, debt equity ratio, receivables turnover, net profit margin, return on equity, and institutional ownership are free from symptoms of multicollinearity. This is because the TOL value is above 0.10 and the VIF value is less than 10.
Based on the results in Table 5 above, the regression equation can be written as follows:

\[ Y = -6.571 - 0.031X_1 + 0.064X_2 + 0.323X_3 - 0.011X_4 + 0.246X_5 + 0.547X_6 + e \]

**Hypothesis Testing**

**Test F**

In this study, the goodness-of-fit test or F test was used to determine the effect of jointly independent variables on the dependent variable. The value of F count and F table with df = (k-1), (n-k) and \( \alpha = 0.05 \) compared to determine the fit or absence of a research model. If the value of F count > F table and sig < 0.05, the regression model is said to be fit.

The calculated F value is 19.595, while the table F value is 2.18. Therefore, the value of F count (19.595) > F table (2.18) and sig. F (0.000) < \( \alpha \) (0.05) then the regression model can be said to be fit or in other words the variable cash ratio, debt equity ratio, receivables turnover, net profit margin, return on equity, and institutional ownership have a simultaneous effect on the dividend payout ratio.

**Adjusted R Square**

This test aims to determine the relationship between the independent variables (cash ratio, debt equity ratio, receivables turnover, net profit margin, return on equity, institutional ownership) to the dependent variable dividend payout ratio. Adjusted R Square value is 0.497, which means that the dividend payout ratio variable can be explained by the cash ratio variable, debt equity ratio, receivables turnover, net profit margin, return on equity, and institutional ownership of 49.7%. While the remaining 50.3% can be explained by variables outside the research model such as: taxes, growth opportunities, inflation, interest rates, audit quality and other variables.

**T test**

This test is conducted to determine the effect partially between the independent variables (cash ratio, debt equity ratio, receivables turnover, net profit margin, return on equity, institutional ownership) to the dependent variable (dividend payout ratio). The hypothesis is accepted if the value of tcount > value t table or probability value (sig.) \( \leq \) level of significance (0.05). With a degree of freedom (n-k) and a confidence level of 95% (\( \alpha = 0.05 \)), the ttable value obtained is 1.65922.

Hypothesis 1

The hypothesis that the cash ratio has a positive effect on the dividend payout ratio is rejected. This is because the relationship of the variable cash ratio to the dividend payout ratio produces tcount (-1.285) < ttable (1.65922) and significance value (0.202) > \( \alpha \) (0.05).

Hypothesis 2

The hypothesis that the debt equity ratio has a negative effect on the dividend payout ratio is rejected. This is because the relationship of the debt equity ratio to the dividend payout ratio produces tcount (1.146) < ttable (1.65922) and a significance value (0.254) > \( \alpha \) (0.05).

Hypothesis 3

The hypothesis that receivables turnover has a positive effect on the dividend payout ratio is declared acceptable. This is because the relationship between the receivables turnover variable to the dividend payout ratio produces tcount (2.268) > t table (1.65922) and significance value (0.025) < \( \alpha \) (0.05).

Hypothesis 4

The hypothesis that the net profit margin has a positive effect on the dividend payout ratio is rejected. This is because the relationship of the variable net profit margin to the dividend payout ratio produces tcount (-0.022) < ttable (1.65922) and significance value (0.982) > \( \alpha \) (0.05).

Hypothesis 5

The hypothesis that institutional ownership has a positive effect on the dividend payout ratio is declared acceptable. This is due to the relationship of institutional ownership variables to dividend payout ratio to produce tcount (5.461) > t table (1.65922) and significance value (0.000) < \( \alpha \) (0.05).

**Discussion**

**Effect of Cash Ratio on Dividend Payout Ratio**

The results show that the cash ratio has a negative but not significant effect on the dividend payout ratio where the value of tcount (-1.285) < t table (1.65922) and significance value (0.202) > \( \alpha \) (0.05).
be seen from the sample data, where as many as 10 of the 19 samples or 52.63% for 2011, 2014 and 2016 were higher than the industry average. In 2012, 2013 and 2015 it increased to 11 samples or by 57.89% which was higher than the industry average. This result means that it is not always true that companies that have higher cash availability will be more likely to pay dividends. This can be seen from the average high cash ratio of 98.17% but it has a negative effect on the company's dividend policy. So even though the condition of the company's liquidity is good, but the company's decision to distribute or not to distribute the dividends is decided at the General Meeting of Shareholders (GMS). The results of this study are different from those found by Marietta and Djoko (2013) which state that the cash ratio has a positive but not significant effect on the dividend payout ratio.

**Effect of Debt to Equity Ratio on Dividend Payout Ratio**

The results show that the debt to equity ratio has a positive effect on the company's dividend payout ratio but is not significant, where the value of tcount (1.146) < t table (1.65922) and significance value (0.254) > α (0.05). Although the effect is not significant, companies that have a high proportion of long-term debt in their total capital are more likely to pay cash dividends. In addition, companies that have high debt are more able to pay dividends even though they have to pay a fixed interest loan. This is because, in accordance with the signaling theory, the company wants to give a positive signal to investors that even though the company has high debt but management is still able to control their financial performance to pay their loan obligations, they can even pay dividends to their shareholders. In addition, when compared to the average of each industry, dividend payer companies used in this sample actually have a lower DER. In 2012 and 2016, for example, 16 out of 19 samples or 84.21% had lower DER compared to the industry average. Although for 2014 and 2015, only 9 out of 19 (47.37%). But if you look further from 2011-2016, in general the companies in this sample have a DER that is lower than the industry average. This explains that although DER has a positive but not significant effect in this study, dividend payer companies used in this sample generally have a better leverage ratio compared to companies that do not pay dividends. This result is different from the research conducted by Al-Malkawi (2008), Sampurna and Endang (2015) which found that the debt to equity ratio has a significant negative effect on dividend policy. But the results of this study are in line with those found by Ho (2003).

**Effect of Receivables Turnover on Dividend Payout Ratio**

The results show that receivables turnover has a significant positive effect on dividend payout ratio with a tcount (2.268) > t table (1.65922) and a significance value (0.025) < α (0.05). This is in line with what was hypothesized at the beginning that receivables turnover has a positive effect on the dividend payout ratio. The higher receivables turnover means the more effective the company is in managing its receivables. Referring to Darsono and Ashari (2005: 61) that optimal receivables turnover is between 6-12 times, there are only 6 samples in the entire study period that are not in that range, namely: DVLA, MYOR, SMSM, GGRM, INDF, and HMSP. The rest is only BRANDS, TCID, DLTA, ASII, and LMSH, each of which is only one period not in the range of 6-12 times. In contrast to LION where there is only one period where receivable turnover is at optimal rotation. But if you look at it as a whole, more than half of the issuers dividend dividends in this sample have receivable turnover that is higher than the industry average. Optimal receivables turnover shows that the asset ratio of the company's management runs well. In accordance with bird in the hand theory that shareholders prefer dividends, shareholders can make that reason so that the company's management wants to distribute their dividends. So, when receivables turnover is high, the cash dividends that the company will distribute to its shareholders will also be high.

**Effect of Net Profit Margin on Dividend Payout Ratio**

The results show that the net profit margin has a negative but not significant effect on the dividend payout ratio with a tcount (-0.22) < t table (1.65922) and its significance value (0.982) > α (0.05). This result is contrary to the initial hypothesis which states that the net profit margin has a positive effect on the dividend payout ratio. This result also contradicts what was found by Prasetyo and Djoko (2013) where the net profit margin has a significant positive effect on dividend payout ratio. This can be seen from the sample used in this study, where the average
net profit margin is only 11.27%. While the minimum value and maximum value are 1.11% and 25.57% respectively. But when compared with each industry, NPM dividend dividers in this sample generally have a better ratio. Where as a whole for the 6 study periods, in general the sample data has NPM which is higher than the industry average. Even so, because dividends are part of the company’s net profit, then when high-NPM companies do not guarantee the dividends paid to shareholders will be high. This is because NPM is the result of net income divided by sales. For example, when company A earns a net profit of Rp. 100,000, with sales of Rp. 1,000,000, NPM is obtained by 10%. Then company B with a net profit of Rp 150,000 and sales of Rp 2,000,000, then the NPM of company B is only 7.5%. But because dividends are taken from the company’s net profit, then company B (net profit of Rp 150,000) which can actually distribute more dividends to its shareholders even though it has a smaller NPM than company A (net profit of Rp. 100,000). This is also explained in the residual theory where the company will distribute dividends if it has a net profit that is greater than the optimal capital budget requirement. In addition, if you look at sample data, companies that have a high dividend payout ratio are companies that have a small net profit margin. This can be because the company prefers to have a small net profit margin but can maximize the net profit earned, rather than having a high net profit margin but the net profit tends to be small.

Effect of Return on Equity on Dividend Payout Ratio
The results show that return on equity has a significant positive effect on dividend payout ratio, with a value of t count (2.519)> t table (1.65922) and a significance value (0.013) that is smaller than the value of α (0.05). This result is appropriate as hypothesized at the beginning. This explains that the greater the company’s return on equity, the greater the dividends paid to its shareholders. When compared with the industry average, most ROE in this sample does have a higher percentage. From 2011-2016, sample data generally had a higher ROE compared to the respective industry averages. Because ROE reflects how much the company returns on its shareholders’ equity, it is not surprising that when ROE is high, shareholders’ demand for cash dividends will increase as well. This result is in line with what was found by Aivazian et. al. (2003), but it contradicts the research of Kania and Bacon (2005) and Jozwiak (2015).

Effects of Institutional Ownership on Dividend Payout Ratio
The results show that institutional ownership has a significant positive effect on dividend payout ratio with t count (5.461)> t table (1.65922) and significance value (0.000) <α (0.05). This proves that with the increasing institutional ownership, the company’s dividend payout ratio will increase. This could be due to the fact that the share ownership of institutional investors is indeed on average high, namely 74.94%. If you look at sample data, institutional investors have shares in a company not in a short time, usually more than two years. This is why institutional investors prefer companies to distribute dividends as a result of the funds they have invested. In addition, because the ownership portion of institutional investors in a large company, their opinions and requests (for example: dividend distribution or change of directors) at the GMS are usually approved. This result is in accordance with what was optimized at the beginning. This result is also in line with what was found by Kania and Bacon (2005) but is contrary to Taufan and Wahyudi (2013).

CONCLUSION
Based on the results of the analysis and discussion, some conclusions can be taken as follows:
1) Cash ratio has a negative but not significant effect on dividend payout ratio in manufacturing companies in the 2011-2016 period, so the hypothesis is rejected.
2) The debt equity ratio has a positive but not significant effect on the dividend payout ratio in manufacturing companies in the 2011-2016 period, so the hypothesis is rejected.
3) Receivables turnover has a positive effect on the dividend payout ratio in manufacturing companies in the 2011-2016 period, so the hypothesis is accepted.
4) Net profit margin has a negative but not significant effect on dividend payout ratio in manufacturing companies in the 2011-2016 period, so the hypothesis is rejected.
5) Return on equity has a positive effect on dividend payout ratio in manufacturing companies in the 2011-2016 period, so the hypothesis is accepted.
6) Institutional ownership has a positive effect on the dividend payout ratio in manufacturing
companies in the 2011-2016 period, so the hypothesis is accepted.

Implications
1) Management of the company needs to carefully consider the use of its net profit, whether it will be distributed to shareholders as dividends or use it as retained earnings.
2) Investors or potential investors who want dividends as a result of investment, should pay attention to receivables turnover, return on equity, and institutional ownership. This is because these three things are significant factors that influence whether the company will share or not distribute cash dividends to its shareholders.

Limitations
1) This research is only limited to the manufacturing sector in the Indonesia Stock Exchange. So that further research should further expand the object of research, for example by examining all sectors on the IDX or perhaps comparing the IDX with other state stock exchanges in relation to dividends.
2) In this study, the liquidity ratios, leverage, effectiveness (turnover), and profitability of each are represented by cash ratios, DER, receivables turnover, and ROE. So that further research can use other ratios other than those used in this study.
3) Future research should need to add other variables other than the company's financial performance, such as: taxes, interest rates, audit quality, and inflation.

REFERENCES


