

# The Effect of Financial Performance on Dividend Policy

## Study on Food and Beverage Companies Listed on

### Indonesia Stock Exchange 2010-2013

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**Abstract**— This study aims to determine the relationship between financial performance which measured by return on equity (ROE), return on assets (ROA), and economic value added (EVA) to dividend policy which measured by dividend payout ratio (DPR). The population of this research is all food and beverage companies listed in Indonesia Stock Exchange from 2010-2013 which consisted of 16 companies. The samples are chosen by the use of purposive sampling method and come up with seven companies to be studied. To analyze the data and to perform hypotheses tests using simple linear regression and multiple linear regressions. The results of the hypotheses tests concludes that two variables, return on equity and return on assets have significant influence to dividend payout ratio while economic value added has no significant influence to payout ratio. It was found also that return on equity, return on assets, and economic value added simultaneously have significant influence to payout ratio.

**Keywords:** Return on Equity, Return on Assets, Economic Value Added, and Dividend Payout Ratio.

**Abstrak**— Penelitian ini bertujuan untuk mengetahui hubungan antara kinerja keuangan perusahaan yang diukur dengan tingkat imbal hasil ekuitas (ROE), imbal hasil aset (ROA), dan nilai tambah ekonomi (EVA) terhadap kebijakan dividen, yang diukur dengan rasio pembayaran dividen (DPR). Populasi penelitian ini adalah perusahaan-perusahaan yang bergerak di industri makan dan minuman yang terdaftar di Bursa Efek Indonesia periode 2010-2013, yaitu sebanyak 16 perusahaan. Sampel penelitian dipilih dengan menggunakan metode *purposive sampling* dan diperoleh sebanyak tujuh perusahaan. Dalam menganalisa data dan uji hipotesa digunakan regresi linier sederhana dan regresi linier berganda. Hasil uji hipotesa diperoleh dua variabel, yaitu ROE dan ROA mempunyai pengaruh yang signifikan terhadap DPR, sedangkan EV tidak mempunyai pengaruh yang signifikan terhadap rasio pembayaran dividen (DPR). Disamping itu, variabel ROE, ROA, dan EVA secara bersama-sama (simultan) memiliki pengaruh yang signifikan terhadap rasio pembayaran dividen (DPR).

**Kata kunci** – Imbal Hasil Ekuitas (ROE), Imbal Hasil Aset (ROA), Nilai Tambah Ekonomi (EVA), Rasio Pembayaran Dividen (DPR).

## Introduction

The rapid changes in the economy is inevitably encourage companies to always increase their performance in all areas. The responsibilities to the whole of stakeholders make the firms orientation is not just to increase the profit but also to maximize the value of the firms (Sartono, 2010). In order to achieve this goal, the management needs to show the great performance to match or even exceed the expectations of the shareholders.

But, how could they maximize the value of the firms? That's maybe a simple question but have a complicated answer. Maximizing the value of the firms is not an easy task to do considering that a company always has competitors who engaged in the same industry. It really happens in food and beverages companies that listed in capital market in Indonesia.

Based on market demand in Indonesia which is really dynamic, there is no wonder if the companies in food and beverages industry that listed in Indonesia Stock Exchange,

which are generally big and old companies, always trying their best to keep doing the improvement in all aspect. This improvement was needed in order to maintain the performance of the firm so they can sustain in midst of intense competition between all of firms that are in the same industry.

One of those performances is shown in their financial performance, that become the subject of this study. The financial performance of the company is actually reflecting the expectation and realization of the interests of all parties involved directly or indirectly with the company (Sunarjanto, 2012).

To view the company's financial performance, the whole data and information contained in the financial statements must be prepared in advance. There are some methods to measure the financial performance of the company which taken from its financial statements.

One of the methods is by looking at its financial ratios that consists of various ratios which are means to show financial performance of the firms from many point of view.

Those ratios are profitability ratios, liquidity ratios, efficiency ratios, market ratios and solvability ratios. Specifically, financial ratios that will be used in this study are return on equity and return on asset. Profitability ratios informs users as to the profits returns associated with their investments while efficiency ratios shed lights on management's effectiveness in managing the assets entrusted to it. Liquidity ratios indicate an entity's ability to meet its short-term liabilities, Solvability ratios express the use of debt financing relative to equity financing to fund assets, and market performance ratios that will indicate the markets's sentiment towards the company (Birt, Chalmers, Byrne, Brooks, & Oliver, 2009).

Other measurement used is the economic value added. Economic value added is a financial management system to measure the economic profit in a company which states that welfare can only be achieved if the company is able to meet all operating costs and capital costs (Rudianto, 2006). The higher economic value added of a company can be said to be the higher performance of the company and vice versa. The calculation of economic value added itself is currently said to be the latest and appropriate calculations to illustrate the financial performance of a company.

On the other hand, we will see the impact of all of the financial performance on the dividend policy that made by the companies, which will be reflected on the value of dividend payout ratio of the company. The good response of investors to the performance of a company is very important to be maintained by the management of the company. Therefore in the financial statements, good result of financial performance of the company become one of the main things that must be shown. Investors invest their funds to a company aiming to obtain a return or income. It can be the difference between the selling price of the stock on the purchase price (capital gains) or in the form of dividend income.

The investor expectations is certainly not something that should be left alone or be under-estimated. Because of stock invested in the company would be a start-up capital for the company to develop its business. That's why giving investors a return in the form of dividend may becomes quite important, because the giving of increased or stable dividends can be sign of a company's increasing and stable revenue. In this case the investor will trust the company more and has the higher opportunities to continue investing their funds in the company.

The dependent variable used is the dividend policy which later be shown by the calculation of the dividend payout ratio. This variable was chosen because the dividend is usually related to the investor who are very important to the company especially the public company. Dividend payout ratio itself is a calculation that used to see the dividend payout rate compared to the amount of profit earned by the company.

### Identification of Problems

Based on the background, the issues discussed in this study are:

1. How does the development of the company's financial performance which is measured by the ratio of the

company consists of calculation of return on equity, return on assets, and also calculation of economic value added?

2. How is the development of the company's dividend policy in food and beverages companies that are listed on IDX which is measured by the dividend payout ratio?
3. Is the company's financial performance as measured by the ratio of the company consists of return on equity, return on assets, as well as economic value added either partially or simultaneously affect the dividend policy which measured by dividend payout ratio?

### Research Objectives

Based on the identification of the problems, the objective of this study are:

1. To determine the development of the company's financial performance which is measured by the ratio of the company consists of calculation of return on equity, return on assets, and also calculation of economic value added
2. To determine the development of the company's dividend policy in food and beverages companies that are listed on IDX which measured by the dividend payout ratio.
3. To determine whether the company's financial performance as measured by the ratio of the company consists of return on equity, return on assets, as well as economic value added either partially or simultaneously affect the dividend policy which measured by dividend payout ratio.

### Research Methodology

#### Return on Equity (ROE)

Return on Equity is one of the financial ratios that may be one of the measurements to know about the financial performance of the company. There are many definitions of return on equity.

Ross, Westerfield, Jaffe and Jordan (2009) states that the return on equity can be considered as measurement of the "bottom-line" which is true of the company's financial performance. This is because the return on equity is a measure of how the rates of profit of the company to the shareholders of which this is one of the main objectives of the company. Furthermore, the return on equity is also one of the important and fundamental measurement in determining the level of sustainable growth rate of a company, so all the factors that can increase the return on equity will increase the sustainable growth rate of a company.

$$ROE = \frac{\text{Earning After Tax}}{\text{Total Equity}}$$

Further explained that the return on equity is affected by three things, namely:

- Operational efficiency, as measured by profit margin.
- Efficient use of assets, as measured by total asset turnover.
- Financial leverage, as measured by the equity multiplier.

Based on the definitions and formulas that have been mentioned, it can be said that the return on equity can be

defined as the ratio that indicates a company's ability to profit from their own capital.

### Return on Assets

Other measurement that is part of the financial ratios that can be used as a measuring tool of a company's financial performance is return on assets. Return on assets is included in the profitability ratio. Fahmi states that the return on assets assesses the extent to which the investment that already invested be able to provide returns as expected. This ratio measures the company's ability to generate profits with all assets owned by the company (Fahmi, 2012).

Ross, Westerfield, Jaffe and Jordan (2009) expressed the notion of return on assets is "a measure of a profit price earnings ratio of dollars of assets" (p 53). In which it can be measured by calculating the following formula:

$$ROA = \frac{Net\ Income}{Total\ Assets}$$

Tandelilin suggested that the return on assets illustrate the extent to which the ability of the assets owned by the company can generate profits. In addition, return on assets can also be interpreted as a measure of the ability of the company earned a net profit based on the certain level of assets (Hanafi, 2008).

### Economic Value Added

One of indicators that can be used to view the company's financial performance apart from the calculation of financial ratio analysis approach is to use VBM (Value Based Management). VBM aims to increase shareholder value which can be said is the ultimate goal of every business. VBM is composed of four components, namely:

1. Total shareholder return
2. Market value added
3. Shareholder value added
4. Economic value added (Collier, 2012).

Economic value added itself was developed by consultants of Stern Stewart & Co. Economic value added assessed as a measure of financial performance that can capture the value of economic profit or economic profit of a business that will have an impact on the creation of a value for shareholders (Collier, 2012, p. 21). EVA is now recognized as an important tool of performance measurement and management all over the world, particularly in advance economies by adopting it as corporate strategy (Sharma, 2010).

To obtain the value of economic value added, there are several stages of the calculation to be done. These steps are as follows (Sudarmakiyanto, Prasetya, & Anoraga, 2014) :

1. Calculating NOPAT (Net Operating Profit After Tax), NOPAT derived from net income after taxes plus interest expense, the formula is as follows:

$$NOPAT = EAT + IAT$$

*EAT = Earning After Tax*

*IAT = Interest After Tax*

2. Calculating IC (Invested Capital)  
Invested Capital are company's long-term financing, such as long-term liabilities and equity. It does not count on short-term liabilities, that do not contain interest (non-interest-bearing liabilities), such as accounts payable, wages maturing (accrued wages), and the taxes that will be due (accrued taxes) . The formula is as follows:

$$IC = TL + E - SL \text{ (non bearing interest)}$$

*IC = Invested Capital*

*TL = Total Liabilities*

*E = Equity*

*SL = Short-term Liabilities (non bearing interest)*

3. Calculating WACC (*Weighted Average Cost of Capital*). WACC is the sum of the cost of each capital component. The formula is:

$$WACC = [W_D \times R_D(1 - Tax) + W_E \times R_E]$$

4. Calculating Capital Charges  
Capital charges or capital cost is the cash flow needed to replace on the risks of the venture capital invested by the investors. The formula is:

$$Capital\ Charges = WACC \times IC$$

5. Calculating the Economic Value Added

$$EVA = NOPAT - Capital\ Charges$$

Utama (1997) in Yonas & Hermawan (2004) revealed that Economic Value Added has several advantages which are:

1. Attention management in accordance with the interests of shareholders, ie maximizing the value of the company and increase shareholder wealth.
2. The manager will think and act as well as shareholders, ie investments that maximize returns and minimize capital cost level so that the company can be maximized the company's value.
3. The company will pay more attention to its capital structure policy.
4. Can be used to identify activities or projects that provide a higher return than its cost of capital.
5. Make the manager will always compare the rate of project return the capital charge rate that reflects the risk level of the project.
6. Can be used independently without the need for a companion of data such as industry standards or other corporate data (Yonas & Hermawan, 2004, p. 16)

Meanwhile, EVA also has weaknesses in the form of:

1. Just describe the creation of value in a particular year
2. In concept is very good, but in practice may not always be applied easily, because the required estimate of the level of capital costs that are difficult to be pinpointed (Yonas & Hermawan, 2004, p. 17)

**Dividend Policy**

Dividend policy is a policy to share or resolve the profits to shareholders which will be distributed in the form of dividends and the amount of retained earnings for the needs of business development (Gitosudarmo & Basri, 2012).

Brigham and Houston (2010) defines that dividend policy is a decisions about how much the present period's profit will be paid out as dividends or will be kept in the firm as retained earning for reinvestment.

**Dividend Payout Ratio**

Sutrisno (2001) in Mutia and Arfan (2010) stated that the dividend payout ratio is the ratio that should be determined by the company in order to pay dividends to shareholders every year which is based on the size of net profit after tax. While Gitman (2003) Mutia and Arfan (2010) defines the dividend payout ratio as an indication of the percentage of earned income that is distributed to owners or shareholders in the form of cash (Mutia & Arfan, 2010).

Dividend payout ratio is the determinant of the amount of profit that can be held in a company as a source of funding as well as determining how much profit dividend will be distributed to the investors (Rahayuningtyas, Suhadak, & Handayani, 2014).

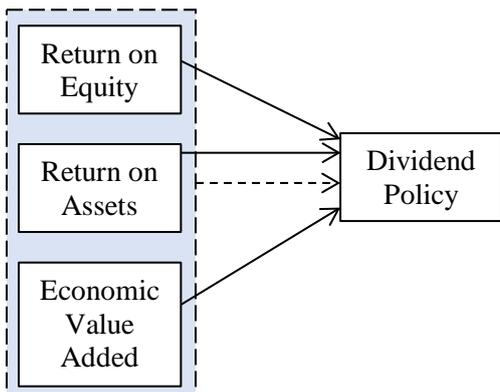
Dividend payout ratio can also be defined as the ratio between the amount of dividends distributed to shareholders and profit share price earnings ratio or earnings per share (EPS) of the company at a certain period (Sudarmakiyanto, Prasetya, & Anoraga, 2014)

Keown stated that the dividend payout ratio is the amount of dividends paid relative to the company's net income on earning per share (Keown, 2008). Dividend payout ratio is defined by Downes and Goodman (2001) in Pratama (2014) as a percentage of income paid in cash, which generally applies "the higher the payout ratio then the more mature that companies" (Pratama, 2014)

Dividend Payout Ratio (DPR) calculations can be performed by the formula:

$$DPR = \frac{\text{Total Dividend}}{\text{Earning After Tax}}$$

**Framework:**



**Research Hypothesis**

Based on the hypothesis development and framework above, the proposed hypothesis is as follows:

- H1: Return on Equity (ROE) has an significance effect on Dividend Policy
- H2: Return on Assets (ROA) has an significance effect on Dividend Policy
- H3: Economic Value Added has an significance effect on Dividend Policy
- H4: Return on Equity (ROE), Return on Assets (ROA), and Economic Value Added has a significance effect simultaneously on Dividend Policy.

**Types and Sources of Data**

Data are the basic input to any decision making process in a business. The processing of data gives statistics of importance of the study (Panneerselvam, 2012). Data used in this research is quantitative data. Quantitative data is data that is used in a research method that is based on the philosophy of positivism, used to examine the population or a particular sample, using a data collection instrument of research. Data analysis is statistical in order to test the hypothesis (Sugiyono, 2012).

The source of the data used in this research is secondary data. Secondary data is the data obtained from existing records, publications, etc. this data are collected from sources which have already been created for the purpose of first time use and future uses. The data can be obtained from internal and external sources (Panneerselvam, 2012). Secondary data is data that is not directly obtained data collectors (Sumarni & Wahyuni, 2006). Secondary data refers to information that is collected by a person through an intermediary medium (Sekaran, 2009). Secondary data used are company's financial statements samples obtained from the IDX

Furthermore the sampling method used in this research is purposive sampling method or judgment sampling. The sample is part of the number and characteristics of the population.. Sampling plan is a mechanism by which the sampling units of a study are selected from the sampling frame of population (Panneerselvam, 2012). Purposive sampling itself is a sampling technique based on the criteria or specific considerations (Sugiyono, 2012). The criteria used to determine the sample are as follows :

1. The company included in the Food and Beverages industry that have listed in Indonesia Stock Exchange
2. The company never de-listing or re-listing within the period of 2010-2013
3. The company paid a dividend in the period 2010-2013
4. The company's dividend policy is not constant payout dividend policy
5. The company has a complete other required financial data consistently during the study period is 2010-2013.

In 2014, there were 16 listed companies in the food and beverage industry in Indonesia Stock Exchanges (IDX, 2014). The company selected in accordance with predefined criteria. Those criteria are as follows:

1. The company included in the Food and Beverages industry that have listed in Indonesia Stock Exchange.

2. The company never de-listing or re-listing within the period of 2010-2013.
3. The company paid a dividend in the period 2010-2013.
4. The company has a complete other required financial data consistently during the study period is 2010-2013.

Based on those criteria, the 16 companies included in the food and beverage industry that are listed on IDX, just as much as 7 (seven) companies selected to be sampled in the study. As for the total observation, as it would be observed for 4 consecutive years period 2010-2013 is then obtained as much as 28 observations. List of companies included in the study sample were as follows :

Table 1. List Of Companies Included In The Study Sample

No.	Code	Company Name
1	DLTA	PT Delta Jakarta, Tbk.
2	ICBP	PT Indofood CBP Sukses Makmur, Tbk.
3	INDF	PT Indofood Sukses Makmur, Tbk.
4	MLBI	PT Multi Bintang Indonesia, Tbk.
5	MYOR	PT Mayora Indah, Tbk.
6	ROTI	PT Nippon Indosari Corpindo, Tbk.
7	SKLT	PT Sekar Laut, Tbk.

### Multiple Regression Model

Multiple regression model is the used to calculate the weighting of independents on dependent variables. Multiple regression model enable us to predict and weight the relationship between two or more explanatory – independent – variables and an explained– dependent – variable (Cohen, Manion, & Morrison, 2007).

In multiple regressions we form a linear composite of explanatory variables in such way that it has maximum correlation with a criterion variable. This technique is appropriate when the researcher has a single, metric criterion variable. This is supposed to be a function of other explanatory variables. The main objective in using this technique is to predict the variability the dependent variable based on its covariance with all the independent variables (Kothari, 2004).

The regression model in this research is:

$$Y = \alpha + \beta_1 ROE + \beta_2 ROA + B_3 EVA + \varepsilon$$

Where,

$Y$  = Dividend Policy (assessed by value of payout ratio)

$\alpha$  = Constanta

$\beta$  = Regression coefficient

$ROE$  = Return on Equity

$ROA$  = Return on Assets

$EVA$  = Economic Value Added

$\varepsilon$  = error

Multiple regression model is useful in that it can take in a range of variables and enable us to calculate their relative weightings on a dependent variable. However, one has to be cautious: variables may interact with each other and may be intercorrelated (the issue of multicollinearity) (Cohen, Manion, & Morrison, 2007).

### Multiple Correlations

Multiple correlations purposed to predict one variable from a linear weighted combination of two or more independent variables. Correlational techniques are generally intended to answer three questions about two variables or two sets of data. First, 'Is there a relationship between the two variables (or sets of data)?' If the answer to this question is „Yes“, then two other questions follow: 'What is the direction of the relationship?' and 'What is the magnitude?' (Cohen, Manion, & Morrison, 2007) Guidance to Coefficient Correlation's Interpretation as follows:

Coefficient Interval	Correlation Level
0.00-0.199	Very Low
0.20-0.399	Low
0.40-0.599	Intermediate
0.60-0.799	High
0.80-1.00	Very High

The R square tells us how much variance in the dependent variable is explained by the independent variable in the calculation. The adjusted R square is more accurate, and we advocate its use, as it automatically takes account of the number of independent variables. The adjusted R square is usually smaller than the unadjusted R square, as it also takes account of the fact that one is looking at a sample rather than the whole population (Cohen, Manion, & Morrison, 2007).

The value of R square is in the range of ( $0 < R < 1$ ), the closer the R-square value obtained then it means the greater the ability of the independent variable to explain the dependent variable in the study. Conversely, if R square obtained closer to zero, the lower the ability of the independent variable to explain the dependent variables in the study.

In general, the adjusted R-square for cross section data is relatively low because of the large variation between each observation. As for time series data usually has a high coefficient of determination. The fundamental weakness of the use of the adjusted R-square is biased against the number of independent variables included in the model. Every additional one independent variable, the adjusted R-square is definitely increasing no matter whether these variables have a significant effect on the dependent variable.

### Partial Regression Coefficients Test (t-test)

The t-test is used to discover whether there are statistically significant differences between the means of two groups, using parametric data drawn from random samples with a normal distribution. The t-test has two variants: the t-test for independent samples and the t-test for related (or 'paired') samples. The former assumes that the two groups are unrelated to each other; the latter assumes that it is the same group either voting on two variables or voting at two different points in time about the same variable. (Cohen, Manion, & Morrison, 2007).

t-test is based on t-distribution and is considered an appropriate test for judging the significance of a sample mean or for judging the significance of difference between the means of two samples in case of small sample(s) when

population variance is not known (in which case we use variance of the sample as an estimate of the population variance). In case two samples are related, we use paired t-test (or what is known as difference test) for judging the significance of the mean of difference between the two related samples. It can also be used for judging the significance of the coefficients of simple and partial correlations. The relevant test statistic,  $t$ , is calculated from the sample data and then compared with its probable value based on t-distribution (to be read from the table that gives probable values of  $t$  for different levels of significance for different degrees of freedom) at a specified level of significance for concerning degrees of freedom for accepting or rejecting the null hypothesis. It may be noted that t-test applies only in case of small sample(s) when population variance is unknown (Kothari, 2004).

Steps that need to be followed when using this kind of testing design is:

- Define the hypotheses ( $H_0$ ,  $H_1$ )
  - $H_0$  = There is no significance effect of independent variable to dependent variable
  - $H_1$  = There is significance effect of independent variable to dependent variable
- Define the significance level (in this research, using )
- Define the  $t_{count}$
- Define the  $t_{table}$
- Define the accepting and rejecting area with compare the  $t_{count}$  and  $t_{table}$ 
  - If  $-t_{table} \leq t_{count} \leq t_{table}$  , then accept  $H_0$
  - If  $t_{count} > t_{table}$  , or  $t_{count} < -t_{table}$  , then reject  $H_0$

#### Simultaneous Regression Coefficients Test (F-test)

F-test is based on F-distribution and is used to compare the variance of the two-independent samples. This test is also used in the context of analysis of variance (ANOVA) for judging the significance of more than two sample means at one and the same time. It is also used for judging the significance of multiple correlation coefficients. Test statistic,  $F$ , is calculated and compared with its probable value (to be seen in the F-ratio tables for different degrees of freedom for greater and smaller variances at specified level of significance) for accepting or rejecting the null hypothesis (Kothari, 2004).

When we use the F-test, we presume that:

- the populations are normal;
- samples have been drawn randomly;
- observations are independent; and
- there is no measurement error.

The object of F-test is to test the hypothesis whether the two samples are from the same normal population with equal variance or from two normal populations with equal variances. F-test was initially used to verify the hypothesis of equality between two variances, but is now mostly used in the context of analysis of variance (Kothari, 2004).

Steps that need to be followed when using this kind of testing design is:

- Define the hypotheses ( $H_0$ ,  $H_1$ )
  - $H_0$  = Independent variables have no significance effect to dependent variable.

- $H_1$  = Independent variables have a significance effect to dependent variable.
- Define the significance level (in this research, using  $\rho = 5\%$ )
- Define the  $F_{count}$
- Define the  $F_{table}$
- Define the accepting and rejecting area with compare the  $F_{table}$  and  $F_{count}$ 
  - If  $F_{count} < F_{table}$  , then accept  $H_0$
  - If  $F_{count} > F_{table}$  , then reject  $H_0$

## Result and Discussion

### Development of Return on Equity (ROE)

Return on Equity is compares amount of net income to average stockholders' equity (Whitecotton, Liddy, & Phillips, 2011). ROE may indicate the company's ability to gain the profit from the equity owned by the shareholders. ROE generated by each company can be seen from the following data:

Table 2. Return on Equity

Code	2010	2011	2012	2013
DLTA	0.25	0.26	0.36	0.40
ICBP	0.20	0.19	0.19	0.17
INDF	0.23	0.15	0.14	0.09
MLBI	0.94	0.96	1.38	1.19
MYOR	0.25	0.20	0.24	0.27
ROTI	0.22	0.21	0.22	0.20
SKLT	0.04	0.05	0.06	0.08
Min	0.04	0.05	0.06	0.08
Max	0.94	0.96	1.38	1.19
Average	0.31	0.29	0.37	0.34

Which will be reflected more clearly in the following chart

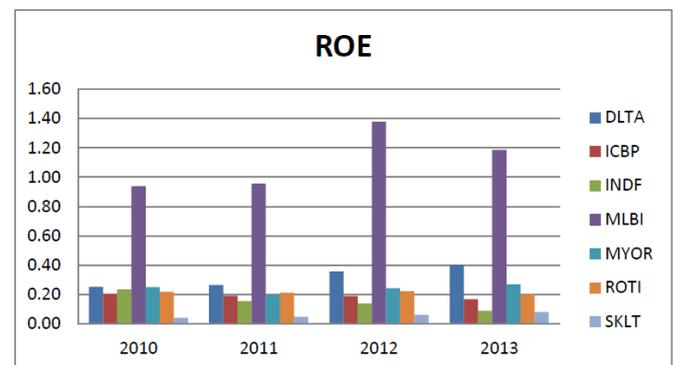


Chart 1. Return on Equity

It will be quite apparent that PT. Multi Bintang Indonesia Tbk. (MLBI) has much larger value of ROE than other companies, while for companies that obtain the smallest value of ROE is PT Sekar Laut Tbk (SKLT).

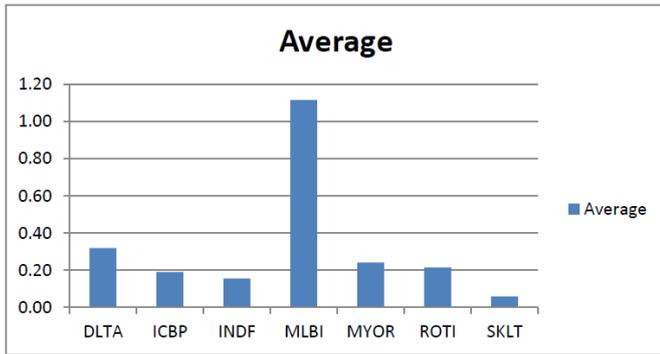


Chart 2. Average of Return on Equity in Each Companies

This means that PT Multi Bintang Indonesia Tbk. has the ability to generate profits from its own equity greater than another company's ability to do it. It can be seen from a comparison between the EAT (Earnings After Tax) to the equity capital owned by the company. MLBI can makes EAT or their net profit which nearly equal or even exceed the amount of equity capital owned by the company. In contrast with SKLT, comparisons between EAT that can be generated when compared with the capital that owned by company have vastly different distances. Which SKLT's capital even amounted to approximately 20 times of the EAT or net profit that can be generated by SKLT.

This kind of thing that happened to MLBI can be obtained due to various reasons. It may be due to the proportion of capital that is smaller than the debt so that the value of ROE will also be higher, but can also be caused by the EAT which generated by the company are very high when compared with their own capital owned which also can have an impact on high rates of ROE. The existence of a company that has a large enough proportion of debt compared to its own capital to leverage the value of the company ROE is one of the commonly used in company's policy in order to value the company's profitability also increased.

**Development of ROA (Return on Assets)**

ROA can be interpreted as an ability of the company with the rest of the working capital in it including the shareholders' equity and liabilities to generate net profit of the company. ROA that calculated in seven companies sampled in the food and beverages sub-sector in 2010-2013 are as follows:

Code	2010	2011	2012	2013
DLTA	0.206	0.218	0.286	0.312
ICBP	0.137	0.136	0.129	0.105
INDF	0.083	0.091	0.081	0.044
MLBI	0.390	0.416	0.394	0.657
MYOR	0.114	0.073	0.090	0.109
ROTI	0.176	0.153	0.124	0.087
SKLT	0.024	0.028	0.032	0.038
Min	0.024	0.28	0.032	0.038
Max	0.390	0.416	0.394	0.657
Average	0.161	0.159	0.162	0.193

Which will be seen more clearly in the following chart:

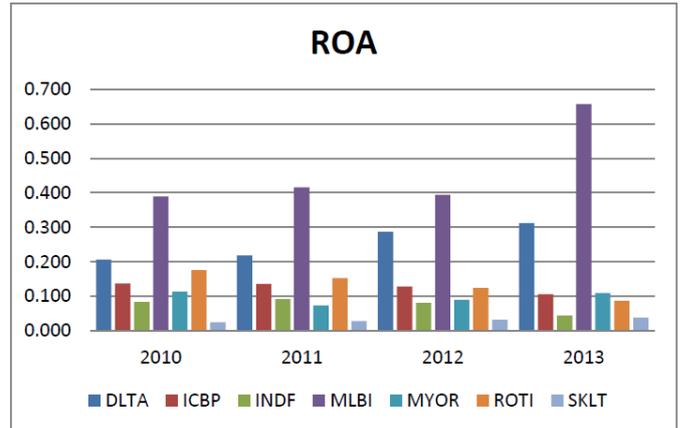


Chart 3. Return on Assets

It quite apparent that PT. Multi Bintang Indonesia Tbk. (MLBI) has much larger value of ROA than other companies, while for companies that obtain the smallest value of ROA is PT Sekar Laut Tbk (SKLT).

From the table it can be seen that the movement of ROA at each company experienced ups and downs are quite volatile. However it can be noted that for the companies that have the highest and lowest ROE for four years has not changed. PT Multi Bintang Indonesia Tbk. (MLBI) as a company that has the highest ROA and PT Sekar Laut Tbk. (SKLT) as a company that has the smallest ROA.

Unlike the ROE which is to see how the company can make a profit from its own equity. ROA see how the company generates profits of all assets owned by the company. It means that the calculation is including whole of equity and liabilities. Significant differences of these companies can show the true ability of the company to generate profit. MLBI has the highest points in ROA which means that in the period 2010-2013 in the sub sectors of food and beverages MLBI is able to produce a very high profit in the company when compared to their assets. Although MLBI is not the largest company who has neither the largest assets nor the company that owns the largest profit. However when it compared with actual assets owned by the company, profit is able to reach almost half of the total assets owned by MLBI.

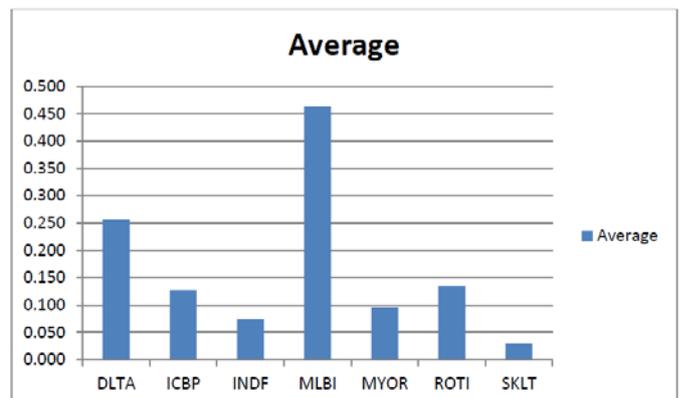


Chart 4. Average of Return on Assets in Each Companies

In contrast SKLT earns the lowest point of ROA. This showed that the ability to generate profits from the assets owned by company is not really good. But, if we can see the

movement of SKLT's ROA each year, can be seen that the point is increase each year, but still very small when compared to the amount of assets owned by the company.

However, in 2012 the average of ROE for the food and beverage sub-sector increased. A little similar to what happened in previous years, in 2012 there were four companies actually decreased in the value of its ROA. However, this decrease is less drastic than the increase experienced by three other companies. This causes an increase this year average ROA in the sub sectors of food and beverages.

In 2013 ROA for companies that are in sub-sectors of food and beverages increased drastic enough to make the average value of ROA in the sub-sector to the highest point on this industry in 2010-2013. Rise quite dramatically occurred in 4 companies in which it managed to offset a slight decline experienced by the three other companies. This led to a dramatically increase in the average ROA in food and beverages industry compared to other years period 2010-2013.

**Development of Economic Value Added (EVA)**

Economic Value Added is net operating profit after deducting a charge to cover due opportunity cost of the capital invested in the business (when by taking one course of action you lose the opportunity to undertake an alternative course) (Collier, 2012). EVA is one of the company's financial performance evaluation methods of the four approaches included in the VBM (Value Based Management). EVA will be useful in assessing the value of the economic benefits of a business that will have an impact on the value created to shareholders. The value generated by the seven companies sampled in the food and beverages companies in 2010-2013 are as follows:

Table 4 Economic Value Added

Code	2010	2011	2012	2013
DLTA	151345	151715	-238406	270498
ICBP	1670390	2236558	2541869	2459219
INDF	2511925	4328978	4110794	1268913
MLBI	364501	527317	453405	1389701
MYOR	371038	342455	517528	1115528
ROTI	114213	118176	149587	134755
SKLT	5297	4882	7963	8138
Min	5297	4882	-238406	8138
Max	2511925	4328978	4110794	245219
Average	741244	1101440	1077534	949536

That if portrayed through the chart will get the following results:

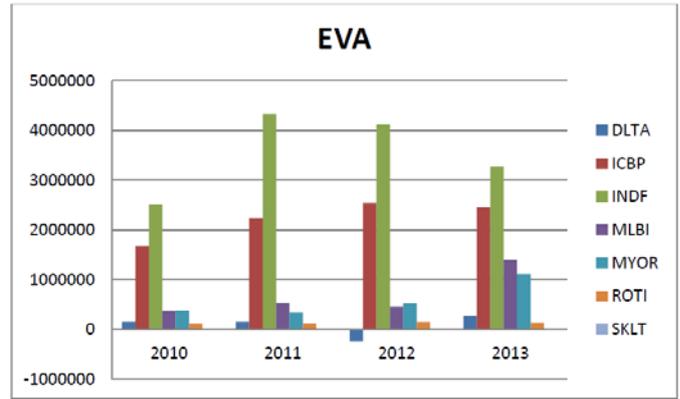


Chart 4. Economic Value Added

From the chart it can be seen that INDF ICBP has the highest EVA of all the companies that are in the food and beverages sub-sector in 2010-2013. Meanwhile, there is one company (DLTA) that gets a negative value which means that the company has no economic value in the period of 2012.

From the table that contains the data of EVA, it can be seen that the previous EVA value of each company vary quite dramatically each year. However, companies with a large number of assets that still have economic value far greater than any other company. From the chart average per company of the period 2010-2013 can be seen that INDF has the highest average of EVA during the period 2010-2013, while SKLT has the lowest value of EVA.

These can occur due to differences in the value of assets that is quite striking between the companies. Some companies have assets or equity values that are even in the hundreds of times that of the other companies. So that the value of the company's EVA also be very different and striking each other. This is because the size of the company is also very different from each other. In line with these results, INDF is the company that owns the asset with the greatest number while SKLT also is the company with the smallest size and has the smallest capital of all the companies that become sample. This makes the profit generated by the company INDF has met operating costs and capital costs are much higher than SKLT belongs.

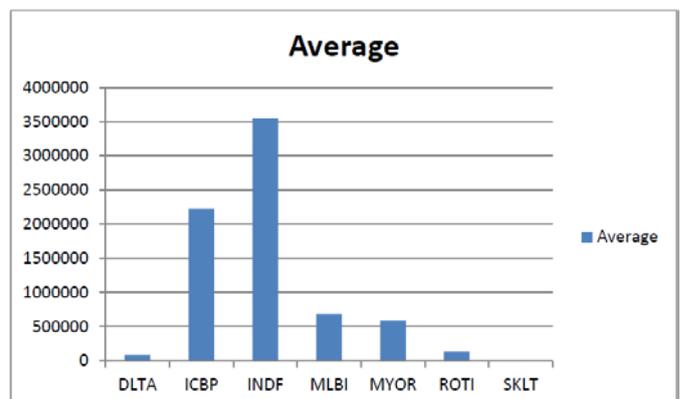


Chart 5.

Average of Economic Value Added in Each Companies

EVA itself is meant to see the economic profit of the company after meeting all operating expenses and capital

costs. The larger the size of the enterprise, the greater the assets in the form of equity and liabilities of the company, the greater the value of EVA can be generated by the company. EVA is at once can be a reflection of how much the value of the company in the market.

**Development of Dividend Policy**

Dividend policy is a policy to share or resolve the profits to shareholders which will be distributed in the form of dividends and the amount of retained earnings for the needs of business development (Gitosudarmo & Basri, 2012). Each company has its own policy about how they divide their dividend to the shareholders. Its become somehow important because company need to keep trust from the shareholders so they can keep invest their share in the company.

There are three forms of dividend payments which including constant payout ratio dividend policy, regular dividend policy, and low regular and extra dividend policy. In 7 of the companies that are samples from food and beverages industry, all of them using whether regular dividend policy or low regular and extra dividend policy. Which means the dividend payout ratio in the companies not in contant payment in each periode.

**Development of Dividend Payout Ratio**

Gitman (2003) defines the dividend payout ratio as an indication of the percentage of earned income that is distributed to owners or shareholders in the form of cash (Mutia & Arfan, 2010). Dividend payout is one of the ways the company to attract the attention of the shareholders other than capital gains.

Table 5. Return on Assets

Code	2010	2011	2012	2013
DLTA	0.206	0.218	0.286	0.312
ICBP	0.137	0.136	0.129	0.105
INDF	0.083	0.091	0.081	0.044
MLBI	0.390	0.416	0.394	0.657
MYOR	0.114	0.073	0.090	0.109
ROTI	0.176	0.153	0.124	0.087
SKLT	0.024	0.028	0.032	0.038
Min	0.00	0.00	0.00	0.00
Max	0.390	0.416	0.394	0.657
Average	0.161	0.159	0.162	0.193

Unlike the capital gains that tend to be unstable and depend closely on the market conditions. Distribution of dividend is based on the measures taken by the management company in determining how large the dividend that will be given by the company to shareholders.

Which can be seen in the following chart:

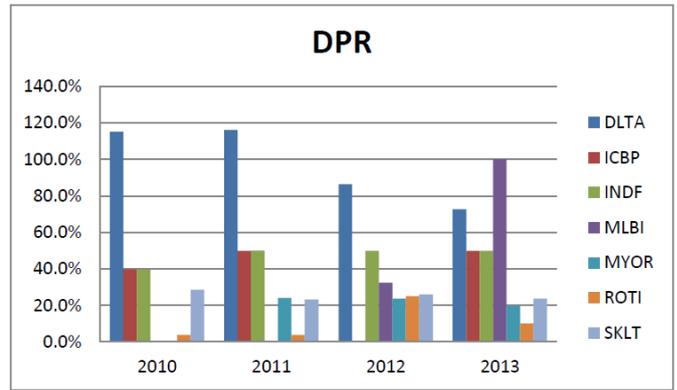


Chart 6. Dividend Payout Ratio

From the chart can be seen that the PT. Delta Djakarta Tbk. (DLTA) is the company with the highest dividend payout ratio while PT. Nippon Indosari Corpindo Tbk. (ROTI) is the company with the lowest value of the dividend payout ratio. However, when viewed in its development dividend payout ratio of DLTA annually decreased quite dramatically, from the period of 2010-2013 the dividend payout ratio has decline of 42.5%.

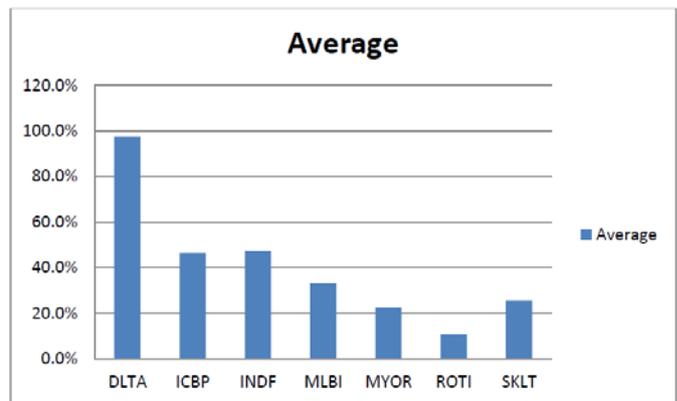


Chart 7. Average of Dividend Payout Ratio in Each Companies

From the chart above it can be seen that the average dividend payout ratio of DLTA is highest average of dividend payout from companies that are in the food and beverages industry in 2010-2013 in the amount of 97.5%. Thereafter is INDF with an average of 47.3% and 46.5% ICBP with subsequent MLBI with 33.1% and 25.3% SKLT with MYOR followed by 22.5%. While the average dividend payout is lower most ROTI with 10.6%.

**Influence of Company's Financial Performance as Measured by ROE, ROA, and EVA to The Dividend Policy as Measured by DPR either Partially or Simultaneously**

**Descriptive Statistics**

Descriptive statistics do exactly what they say, they describe and present data. Such statistics make no inferences or predictions; they simply report what has been found, in a variety of ways. Sometimes simple frequencies and descriptive statistics may speak for themselves, and the

Careful portrayal of descriptive data may be important (Cohen, Manion, & Morrison, 2007).

Independent variables used are ROE, ROA and EVA. While it dependent variable used is the DPR. The data used for each of the variables totaling 28 were obtained from seven companies multiplied by the period of observation (4 years).

Based on the results of data processing is known that the average for the overall Return on Equity is 32.7189% or 0.327 times. This means that the average company is able to get a sample of earnings after tax amounted to 0.327 times of the total equity held by the company during the period. Next is the Return on Assets, the overall average is 16.8915% or 0.1689 times. This means that the average company sample food and beverages industry in the period 2010-2013 was able to get earnings after tax amounted to 16.89% of total assets for each period.

Table 6. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ROE	28	4.09	137.87	32.7189	34.49540
ROA	28	2.42	65.72	16.8915	14.77153
EVA	28	-2.38E5	4.33E6	1.0389E6	1.32323E6
DPR	28	.00	116.10	37.9497	33.67190
Valid N (listwise)	28				

Based on the results of data processing is known that the average for the overall Return on Equity is 32.7189% or 0.327 times. This means that the average company is able to get a sample of earnings after tax amounted to 0.327 times of the total equity held by the company during the period. Next is the Return on Assets, the overall average is 16.8915% or 0.1689 times. This means that the average company sample food and beverages industry in the period 2010-2013 was able to get earnings after tax amounted to 16.89% of total assets for each period.

The last independent variable is EVA. The average for EVA in company in food and beverages industry 2010-2013 is amounted to 1038.9 billion. This means the average for companies in the food and beverages company has a value of 1038.9 billion EVA for each period. For the dependent variable itself is the dividend payout ratio which has an average of 37.94%. It is meant for food and beverage companies in 2010-2013 had an average distribution of cash dividends amounting to 37.94% of the profit per share from the company.

### Inferential Statistics

Inferential statistics concern with the process of generalization. Such statistics are also known as sampling statistics and are mainly concerned with two major type of problems, that are, the estimation of population parameters and the testing of statistical hypotheses (Kothari, 2004).

### Normality Test

Normality test aims to test whether in a regression model, the dependent variable has a normal distribution or not. Nice regression model is a normal or near-normal data. The way is to compare the cumulative distribution of real data with

cumulative distribution of the normal distribution. The analytical tool used in this research is the Kolmogorov-Smirnov test. The decision making regarding the normality test is as follows:

If Assymp. Sig. > 0.05 then the data distribution is normal  
If Assymp. Sig. < 0.05 then the data distribution is not normal

Table 7. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		28
Normal Parameters <sup>a</sup>	Mean	.0000000
	Std. Deviation	27.15759195
Most Extreme Differences	Absolute	.171
	Positive	.165
	Negative	-.171
Kolmogorov-Smirnov Z		.905
Asymp. Sig. (2-tailed)		.385

a. Test distribution is Normal.

The normality test result shows that the data is normal distributed with the Asymp. Sig 0.385 which means Asymp. Sig. > 0.05. Based on the result, the data can be used to the further research.

### Auto-Correlation Test

Auto-correlation test aims to determine whether in a linear regression model there is a correlation between the 'different' values in period t with the error in period t-1 (Ghozali, 2012). The test can be done by comparing the value of the Durbin Watson statistic count in the calculation of the regression Durbin Watson statistic table in the default table. The basis of decision-making is as follows (based on 28 samples):

- $1.747 < DW < 2.253$  means there is no auto correlation detected
- $1.104 \leq DW \leq 1.747$  or  $2.253 < DW < 2.896$  then can't be concluded whether there is auto-correlation or not
- $DW < 1.104$  or  $DW > 2.896$  means there is auto correlation

Table 8. Auto-Correlation Test  
Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.591 <sup>a</sup>	.350	.268	28.80498	1.760

a. Predictors: (Constant), EVA, ROE, ROA

b. Dependent Variable: DPR

Based on the table above, Durbin Watson value is 1.760 which means the result of Durbin-Watson test is  $1.747 < DW < 2.253$ . That means there is no auto-correlation detected and the residuals are free from one observation to another observation.

**Multicollinearity Test**

Multicollinearity test aims to test whether there is a correlation in the regression model between the independent variable. A good regression model is where no correlation between independent variables (Ghozali, 2012). If items correlate very strongly with others then a decision can be taken to remove one or more of them, provided, of course, that this does not result in the loss of important areas of the research (Cohen, Manion, & Morrison, 2007).

The consequences made by multicollinearity is :

- If there is a perfect multicollinearity, then it will makes the regression coefficient will be undefined with the infinity standard error
- If there is a high level of multicollinearity, the standard error will be in a great range, so it may make the prediction in the value of population will be undefined.

To detect whether there is multicollinearity or not is by see the value of Variance Inflation Factor (VIF) and Tolerance. The limit of VIF is 10 and value of tolerance is 0.1. The basis of decision making is as follows:

- If VIF > 10, means there is multicollinearity
- If Tolerance < 0.1, means there is multicollinearity.

Table 8. Multicollinearity Test

Model	Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
	B	Std. Error	Beta	Tolerance	VIF
1 (Constant)	17.970	10.053			
ROE	-1.080	.369	-1.106	.190	5.259
ROA	3.029	.864	1.329	.189	5.294
EVA	3.993E-6	.000	.157	.972	1.029

a. Dependent Variable: DPR

Result on table above shows the result of Tolerance and VIF of each variable on the research. The tolerance of ROE 0.190, ROA 0.189, and EVA 0.972 which all of them is >0.01 . While the VIF of ROE 5.259, ROA 5.294, EVA 1.029 that <10. Then it means there is no multicollinearity between each independent variables in this research.

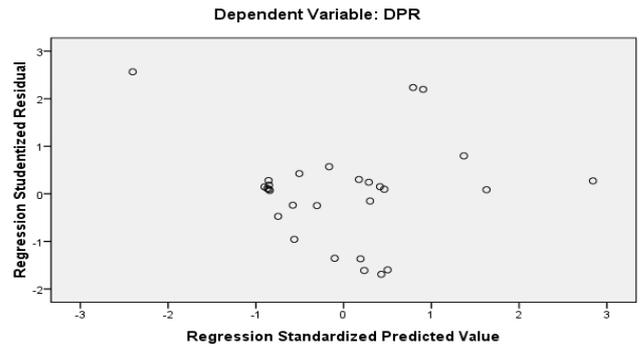
**Heteroscedasticity Test**

Heteroscedasticity test is used to see if there is a inequality of variant from the residual of one observation to another observation (Ghozali, 2012). If the variant from one observation to another observation is keep still, then it called no heteroscedasticity or homoscedocity. But if there is inequality of variant then there is heteroscedasticity. The good regression model is the one that has no heteroscedasticity.

To detect whether there is heteroscedasticity or not, the analytical tool that will be used is the scatterplot model which show the diagram between ZPRED ( predicted value) and SRESID ( studentized residual).

Based on the scatterplot model, it shows that the distribution of residual is distributed with no exact plot above and under 0. Then the data regression model is the one that has no heteroscedasticity.

Scatterplot



**Multiple Regression Model**

Multiple regression model is the used to calculate the weighting of independents on dependent variables. Multiple regression model enable us to predict and weight the relationship between two or more explanatory – independent – variables and an explained– dependent – variable (Cohen, Manion, & Morrison, 2007).

In multiple regressions we form a linear composite of explanatory variables in such way that it has maximum correlation with a criterion variable. This technique is appropriate when the researcher has a single, metric criterion variable. This is supposed to be a function of other explanatory variables. The main objective in using this technique is to predict the variability the dependent variable based on its covariance with all the independent variables.

Table 9. Multiple Regression Model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	17.970	10.053		1.787	.087		
ROE	-1.080	.369	-1.106	-2.930	.007	.190	5.259
ROA	3.029	.864	1.329	3.508	.002	.189	5.294
EVA	3.993E-6	.000	.157	.940	.357	.972	1.029

a. Dependent Variable: DPR

The regression model in this research is :

$$Y = 17.97 - 1.08 ROE + 3.029 ROA + 3.993 (10^{12})EVA + \epsilon$$

Based on the result on multiple regression model can be intrepered the effect of each independent variable to the dependent variables, as follows :

- a) Constanta is positive 17.970 that shows if the independent variables ( Return on Equity, Return on Assets, and Economic Value Added) remain the same or have no changes then it will increase the value of dividend policy (which assessed by value of dividend payout ratio) about 17.970%
- b) Return on Equity has negative coefficient 1.080 that means if ROE has increase by 1 point and another independent variables (ROA, EVA) remain the same then it will decrease the value of dividend policy (which assessed by value of dividend payout ratio) about 1.080%

- c) Return on assets has positive coefficient 3.029 that means if ROA has increase by 1 point and another independent variables (ROE, EVA) remain the same then it will increase the value of dividend policy (which assessed by value of dividend payout ratio) about 3.029%
- d) Economic Value Added has positive coefficient that means if EVA has increase by 1 point and another independent variables (ROE, ROA) remain the same then it will decrease the value of dividend policy (which assessed by value of dividend payout ratio) about .
- e) In the equation shows that ROE has impact of the reduction in the dividend policy, while ROA even have a positive impact. This is caused by the proportion of debt that affects the structure of the assets in which it has no effect on equity. Can be seen from the following chart :

The contrast movement of the proportion of debt and equity on its assets cause differences in fluctuations between them. So this leads to differences in the impact of ROE and ROA on dividend policy.

**Multiple Correlations**

Multiple correlations purposed to predict one variable from a linear weighted combination of two or more independent variables. Correlational techniques are generally intended to answer three questions about two variables or two sets of data. First, ‘Is there a relationship between the two variables (or sets of data)?’ If the answer to this question is ‘Yes’, then two other questions follow: ‘What is the direction of the relationship?’ and ‘What is the magnitude?’ (Cohen, Manion, & Morrison, 2007)) Guidance to Coefficient Correlation’s Interpretation as follows:

The result for multiple correlation test

Table 10. Multiple Correlations  
Model Summary<sup>a</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.591 <sup>a</sup>	.350	.268	28.80498	1.760

a. Predictors: (Constant), EVA, ROE, ROA

b. Dependent Variable: DPR

Table above shows the result of the multiple correlation test. Result of calculation of multiple correlation’s coefficient (R) is 0.591 or 59.1%. That shows the correlations between the independent variables and dependent variables is 59.1% which is including to intermediate correlation.

**Partial Regression Coefficient Test (t-test)**

The t-test is used to discover whether there are statistically significant differences between the means of two groups, using parametric data drawn from random samples with a normal distribution. The t-test has two variants: the t-test for independent samples and the t-test for related (or ‘paired’) samples. The former assumes that the two groups are unrelated to each other; the latter assumes that it is the same group either voting on two variables or voting at two different points in time about the same variable (Cohen, Manion, & Morrison, 2007).

**Influence of Return on Equity to Dividend Payout Ratio**

For the influence of Return on Equity to Dividend Payout Ratio can be seen in this table,

Table 11. Influence of Return on Equity to Dividend Payout Ratio

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17.970	10.053		1.787	.087
	ROE	-1.080	.369	-1.106	-2.930	.007

a. Dependent Variable: DPR

- The hypotheses (H<sub>0</sub>, H<sub>1</sub>)
  - H<sub>0</sub> = There is no significance effect of Return on Equity to Dividend Payout Ratio.
  - H<sub>1</sub> = There is significance effect of Return on Equity to Dividend Payout Ratio
- Sig α = 5%
- Sig t = 0.7%
- t<sub>count</sub> = -2.930
- t<sub>table</sub> = 2.0595

From the data above, then it can be concluded that t<sub>count</sub> < t<sub>table</sub> with Sig α, which means that H<sub>0</sub> is rejected. That means that there is significance effect of ROE to DPR.

As explained in 2nd chapter, ROE will reflect the extent of the financial profitability of the company's own capital owned by the company. Dividend payout ratio itself is a measure of the amount of the dividend, which is part of the profits of the company, which will be given to the shareholders.

The greater the level of profitability generated by the company's own capital would be the greater the profits earned. This increase would raise investor hopes to get a higher dividend. Because this will also make the company has more ability to pay dividends is greater than ever. This could be one reason why ROE can significantly influence DPR.

**Influence of Return on Assets to Dividend Payout Ratio**

For the influence of Return on Equity to Dividend Payout Ratio can be seen in this table:

Table 12.  
Influence of Return on Assets to Dividend Payout Ratio

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17.970	10.053		1.787	.087
	ROA	3.029	.864	1.329	3.508	.002

a. Dependent Variable: DPR

- The hypotheses (H<sub>0</sub>, H<sub>1</sub>)
  - H<sub>0</sub> = There is no significance effect of return on assets to dividend payout ratio.
  - H<sub>1</sub> = There is significance effect of return on assets to dividend payout ratio
- Sig α = 5%
- Sig t = 0.2%
- t<sub>count</sub> = 3.508
- t<sub>table</sub> = 2.0595

From the data above, then it can be concluded that with that  $t_{count} > t_{table}$  with  $Sig\ t < Sig\ \alpha$ , which means that  $H_0$  is rejected. That means that there is significance effect of Return on Assets to Dividend Payout Ratio.

The return on assets can be an advanced one determinant of attractiveness to investors. In other words, an increase or a high value on return on assets can boost investor's trust to invest in the company. Considering that good return on assets, and then the management company also has a greater ability to increase the returns to be given to investors.

In order to provide this return, the management company must adjust the dividend policy, which can be assessed by measuring the dividend payout ratio. Due to the higher ROA will indicates the performance of the management company that is successful then the relationship with the dividend policy to be in parallel lines. That's why it can be deduced that the ROA has an effect on dividend policy as measured by the dividend payout ratio.

**Influence of Economic Value Added to Dividend Payout Ratio**

For the influence of Economic Value Added to Dividend Payout Ratio can be seen in this table:

Table 13.  
 Influence of EVA to DPR

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	17.970	10.053		1.787	.087
EVA	3.993E-6	.000	.157	.940	.357

a. Dependent Variable: DPR

- The hypotheses ( $H_0, H_1$ )
  - $H_0$  = There is no significance effect of economic value added to dividend payout ratio.
  - $H_1$  = There is significance effect of economic value added to dividend payout ratio
- $Sig\ \alpha = 5\%$
- $Sig\ t = 35.7\%$
- $t_{count} = 0.940$
- $t_{table} = 2.0595$

From the data above, then it can be concluded that with, which means that  $H_0$  is accepted . That means that there is no significance effect of Economic Value Added to Dividend Payout Ratio.

EVA can be used as one of the company's financial performance measurement tool that is quite reliable. Management companies can see the company's ability to establish the economic value for the company. For investors this calculation can help to see if the company is valuable enough to be a place for them to invest their capital.

Considering the statement above, then the better value-added economic value of EVA means that the better opportunities of company that can attract the attention of investors. This is a great opportunity to increase the return that can be done by the company to investors. This refund will then be set in the dividend policy issued by the company. But

also, because of the investment will be placed in the next period, that makes the economic value added won't give any significance effect to dividend payout ratio in the same period when the dividend was given.

**Simultaneous Regression Coefficients Test (F-Test)**

F-test is based on F-distribution and is used to compare the variance of the two-independent samples. This test is also used in the context of analysis of variance (ANOVA) for judging the significance of more than two sample means at one and the same time. It is also used for judging the significance of multiple correlation coefficients. Test statistic, F, is calculated and compared with its probable value (to be seen in the F-ratio tables for different degrees of freedom for greater and smaller variances at specified level of significance) for accepting or rejecting the null hypothesis (Kothari, 2004).

Steps that need to be followed when using this kind of testing design is:

- Define the hypotheses ( $H_0, H_1$ )
  - $H_0$  = Independent variables have no significance effect to dependent variable
  - $H_1$  = Independent variables have a significance effect to dependent variable
- Define the significance level (in this research, using )
- Define the  $F_{count}$
- Define the  $F_{table}$
- Define the accepting and rejecting area with compare the  $F_{table}$  and  $F_{count}$ 
  - If  $F_{count} < F_{table}$ , then accept  $H_0$
  - If  $F_{count} > F_{table}$ , then reject  $H_0$

For the influence of Return on Equity, Return on Assets, and Economic Value Added simultaneously to Dividend Payout Ratio can be seen in this table:

Table 14.  
 Simultaneous Regression Coefficients Test (F-Test)

ANOVA <sup>b</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10699.084	3	3566.361	4.298	.015 <sup>a</sup>
	Residual	19913.440	24	829.727		
	Total	30612.524	27			

a. Predictors: (Constant), EVA, ROE, ROA

b. Dependent Variable: DPR

- Define the hypotheses ( $H_0, H_1$ )
  - $H_0$  = Financial Performances (ROE, ROA, EVA) have no significance effect to Dividend Policy (DPR)
  - $H_1$  = Financial Performances (ROE, ROA, EVA) have significance effect to Dividend Policy (DPR)
- $Sig\ \alpha = 5\%$
- $Sig\ t = 1.5\%$
- $t_{count} = 4,298$
- $t_{table} = 4.991$

From the data above, then it can be concluded that  $F_{count} > F_{table}$ , with  $Sig\ t < Sig\ \alpha$ , which means that  $H_0$  is rejected. That means that there is a significance effect of Financial Performances (ROE, ROA, EVA) to Dividend Policy (DPR)

in food and beverages companies that are listed in IDX in period 2010-2013.

Profitability ratio reflect how profitable the company is while the company's dividend payment is come from their profit. That's why financial performance which measured by profitability ratio has a significance effect on Company's Dividend Policy.

## Conclusions and Recommendations

### Conclusions

Based on the results and discussions above, there are some summary or conclusions that can be taken as follows,

1. Development of financial performance of the food and beverages company which is measured by ROE, ROA, and EVA as follows :
  - a) There is an ups and down in the change of ROE's average. The fluctuation is mostly caused of the changes in total equity of the company because the net profit of each company mostly gets increase every year.
  - b) Almost similar to what happened to ROE, there is an ups and down in the change of ROA's average. The difference is caused by their debt proportion in each company's assets. MYOR that has higher ROE than ICBP and ROTI also has bigger debt proportion than them. It makes the ROA of MYOR is lower than the other two.
  - c) In economic value added, there is more ups than down. In 2012, there is a slight decline of EVA. This caused of the big differences in their assets size which makes the value of the company is really different.
2. Development of dividend policy which is measured by dividend payout ratio. The average of dividend payout ratio in the food and beverages company 2010-2013 is increasing each year, while the increasing in each year has increases too. That shows that in this industry the company tends to give more dividend payout each period. DLTA is the company who gives a highest dividend payout while ROTI gives the lowest. But, compare to another company which mostly has increasing dividend payout, since 2010-2013 DLTA's dividend payout has decreased about 42.5%.
3. The greater the level of profitability generated by the company's own capital would be the greater the profits earned. Because this will also make the company has more ability to pay dividends is greater than ever. This could be one reason why ROE, ROA can significantly influence DP while of EVA means that the better opportunities of company that can attract the attention of investors. This is a great opportunity to increase the return that can be done by the company to investors. This refund will then be set in the dividend policy issued by the company. But also, because of the investment will be placed in the next period, that makes the economic value added won't give any significance effect to dividend payout ratio in the same period when the dividend was given.

### Recommendations

Based on the conclusion, there are some recommendations to other parties who want to use this research, either for academic purposes such a research and study or for some practical purposes such for the consideration to investor in food and beverages companies or to the company:

1. The development of profitability of company has an effect to dividend policy of company, while the EVA is not. So to the investor who has interest in getting stable dividend payment. It is better to see the profitability of the company or how much net profit that can be generated by the company compare top their assets or equity, despite only seeing the size of their assets or their equity. The dividend payout ratio which increased every year is also could be a consideration to invest in this industry.
2. Seeing the ups and downs in profitability ratios and economic value added. Its better to company to give some performance that can make investor trust them more. Its better has the increasing of performance, even if that's a slowly one. The stable conditions of company, especially in profitability and the company value also the dividend payout will make investor can trust the company better.
3. Based on this research, there are just a few of variables that being examined. For other parties who want to make this research for a consideration to their research or study. There is recommendation to add the independent variables, such as another financial ratios but profitability ratio, like solvability ratios, efficiency ratios, liquidity ratios, or else. And also to develop the sample area with other industries or sector or even the period of research.

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