
THE EFFECT OF RETURN ON ASSET (ROA) AND DIVIDEND POLICY ON THE VALUE OF MANUFACTURING COMPANIES

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ABSTRACT

The purpose of this research is to know how much influence of Return on Assets (ROA) and Dividend Policy to Firm Value partially on Manufacturing Companies. The method of data collection is through the population data of manufacturing companies for the period 2017 to 2021. The data is taken through the official website of the Indonesia Stock Exchange (www.idx.co.id). The total population was found to be 167 listed companies. The samples of companies used in this study are twenty-seven companies that have passed the criteria that have been determined in purposive sampling. In this study, the data used is secondary data. To obtain secondary data, it is taken from financial reports, annual reports and sustainability reports of each manufacturing company listed on the Indonesia Stock Exchange. Data processing using IBM SPSS 25 application

INTRODUCTION

The company as one of the institutions in the form of an organization that is operated with the aim of providing goods or services for the community, and in order to get the maximum profit. Another purpose of establishing a company is to maximize the value of the company which is reflected in its share price in the general public. For companies that are able to keep their company value high, they can maintain their business continuity because of the interest of investors to continue to invest their capital (Putri, 2018). Prasetyorini in Hery 2017:5 reveals that if the company's shares are to be sold, the value of the company is the price investors are willing to pay. If the company's stock price increases, of course, the value of the company will have a direct impact on the prosperity of shareholders.

There is one way to measure the value of the company that is by measuring the performance of the company. To measure the company's financial performance usually use financial ratio analysis (Sabrina, 2020). Company performance is an important factor to obtain information whether the company has developed or not or has actually decreased (Erkanawati, 2018) (Hansen & Mowen, 2007) The higher the financial performance of a company which is proxied by financial ratios, the higher the value of the company. Before the financial statements are broadcast to the general public, the company has analyzed its own financial statements using financial ratios to find out whether the company's financial performance is good or bad (Purnomo, Sriwidodo, & Wibowo, 2018). Through the ratio figures used to measure financial performance, it shows whether the company is successful in managing its assets and capital to maximize the value of the company (MOZZATIAZ, 2014).

According to dividend policy has no effect on firm value, these results indicate that the level of dividends distributed to shareholders is not related to the high and low value of the company This result is consistent with irrelevant dividend theory which states that there is a relationship between dividend

policy and firm value. The purpose of this study is to determine whether Return On Assets (ROA) and Dividend Policy have an effect on the value of manufacturing companies (Oktapriana, Nurdiniah, & Diyani, 2022). The independent variables in this study are Return On Assets (ROA) and Dividend Policy, while the dependent variable is the company value projected through stock prices and inversely proportional to book value. This study, (Ismail & Yusuf, 2021) moderating variables will also be given that can strengthen or weaken the influence of the independent variable on the dependent variable.

METHOD RESEARCH

The type of research used in this research is descriptive quantitative (Fitri & Romli, 2020). According to Sari (2018) descriptive research aims to describe, summarize various conditions, various situations or various variables that arise in the community that is the object of the research. Quantitative data are usually summed up with numbers (Chasanah, 2018). The population of the data used is manufacturing companies for the period 2017 to 2021 (Nofrita, 2013). The data is taken through the official website of the Indonesia Stock Exchange (www.idx.co.id). The total population was found to be 167 company issuers (MUBARAQ, n.d.). The technique used in this research is purposive sampling (Adeliani & Roosdiana, 2022). The total population was found to be 284 listed companies. Samples will be taken by purposive sampling method (Erkanawati, 2018). In this study, the data used is secondary data. To obtain secondary data, it is taken from financial reports, annual reports and sustainability reports of each manufacturing company listed on the Indonesia Stock Exchange. This study examines whether there is an effect between Return on Assets (X1) and Dividend Policy (X2) on firm value or Price to Book Value (Y) in manufacturing companies listed on the Indonesia Stock Exchange (IDX) (Purnomo et al., 2018).

Variable Measurement

Samples will be taken by purposive sampling method (Nurlan, 2019). In this study, the data used is secondary data. To obtain secondary data, it is taken from financial reports, annual reports and sustainability reports of each manufacturing company listed on the Indonesia Stock Exchange (Amalia, Gunistiyo, & Utami, 2017).

The data is processed in this study using the SPSS 25 statistical application (Novita, Mardani, & Wahono, 2019). Descriptive statistics are used to explain or describe various characteristics of the data and analyze a statistic of research results but are not used to make broader conclusions (Wibisono, 2003). This is in accordance with the statement expressed by Sugiyono (2017), namely descriptive statistics are statistics used to analyze data by describing or describing the data that has been collected as it is without intending to make conclusions that apply to the public or generalizations. In the descriptive statistics of this study, the data is processed and presented based on the period and characteristics of the data. The results of processing and presenting the data are also compared to help understand the effect of the independent variables on the dependent variable (Wahyuni, Alimuddin, Habbe, & Mediaty, 2020). The descriptive statistics presented include the maximum, minimum, average, standard deviation, number, and proportion values grouped by variables.

RESULT AND DISCUSSION

A. Hypothesis Testing and Discussion

From the results of the Descriptive Statistics test, in general, the ROA, DPO, and PBV variables are not too far apart and the results of the classical assumption test show that this study meets the test requirements so that research conclusions can be drawn.

Table 1. Descriptive Statistical Test Results

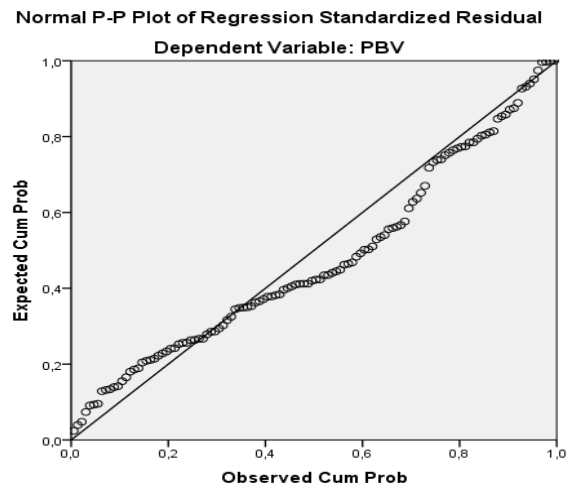
		ROA	DPO	PBV
N	Valid	120	120	120

g	Missin	0	0	0
Mean		,09368792	,46751833	2,81733333
Std. Error of Mean		,005870203	,026418431	,219934728
Median		,07530000	,42965000	2,16500000
Mode		,053650 ^a	1,000000	1,100000
Std. Deviation		,064304850	,289399410	2,409264239
Variance		,004	,084	5,805
Range		,300760	,999600	15,900000
Minimum		,009120	,000400	,260000
Maximum		,309880	1,000000	16,160000

a. Multiple modes exist. The smallest value is shown

Source: Results of Data Management (2022)

Figure 1. Plot Of Regression Normality Test



Sumber : Hasil Pengelolaam Data (2022)

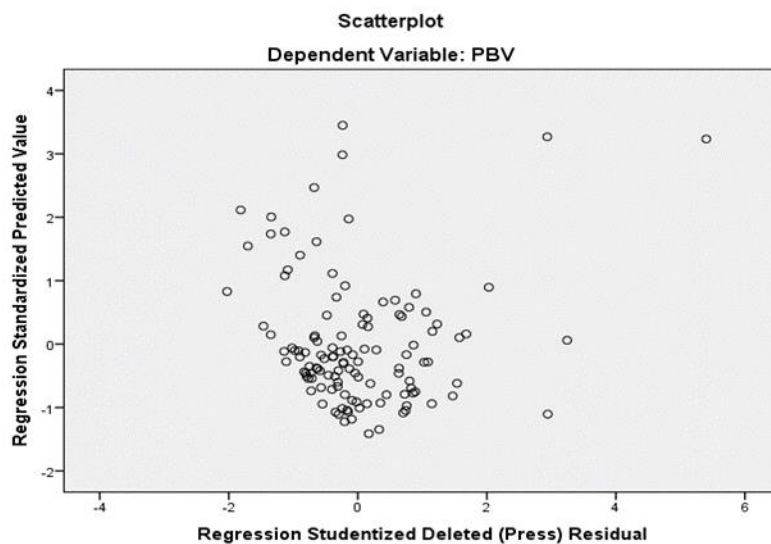
Table 2. Multicollinearity Test

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change	Durbin-Watson
						F Change	df1	df2		
1	,725 ^a	,526	,517	1,673661192	,526	64,796	2	117	,000	1,427

a. Predictors: (Constant), DPO, ROA
b. Dependent Variable: PBV

Source: Results of Data Management (2022)

Gambar 2. Uji Heterokedastisitas Grafik Scatterplot



Source: Results of Data Management (2022)

Table 3. F Test Results (Model Feasibility Test)

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	363,008	2	181,504	64,796	,000 ^b
	Residual	327,734	117	2,801		
	Total	690,742	119			

Source: Results of Data

Table 4. Results of the Coefficient of Determination

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1(Constant)	-,093	,342		-,272	,786		

ROA	25,894	2,429	,691	10,659	,000	,965	1,037
DPO	1,036	,540	,124	1,920	,057	,965	1,037

Source: Results of Data Management (2022)

The results of multiple analysis show that the Return On Assets and Dividend Pay Out variables have a joint effect on the Price Book Value of manufacturing stocks(Murni & Sabijono, 2018). The variability of Return On Assets and Dividend Payout of 52.6% has an effect on Price Book Value, while the remaining 47.4% is influenced by other variables not examined in this study.

A. The Effect of Return On Assets on Firm Value

H1 The Return On Assets variable has a very positive effect on the Price Book Value variable where an increase of 1 unit of Return On Assets will increase the Price Book Value of manufacturing companies by 25.894 units(Mudjijah, Khalid, & Astuti, 2019). Of course, this is a variable that can be used as a guide for investors that the increase in Return On Assets in each period will increase the calibration of its Price Book Value where the increase in stock prices is very profitable for investors(RIZQI, 2019). Investors who want to avoid the downturn in their investments should always evaluate the value of Return On Assets as a signal of future stock price increases(Derek, Tommy, & Baramuli, 2017).

B. The Effect of Dividend Policy on Firm Value

H2 Dividend Payout variable has no significant effect on Price Book Value of manufacturing stocks. There is a theory which states that dividends are a signal that the company still exists today and is able to share profits for investors(Ardimas & Wardoyo, 2015). There is also a theory which states that it is better to pay a little dividend than not to distribute it at all(Listyaningsih, 2020). But apparently these two things do not apply in manufacturing stocks. The results showed that the variable(Latifah & Luhur, 2017).

Dividend Payout has no effect on Price Book Value, which means it is not related to the price or book value of the company, but Dividend Payout may be meaningful for investors who want dividends to be distributed regularly, rather than expecting capital gains that cannot necessarily be obtained(Khasanah & Aryati, 2019).

The Price Book Value variable can indicate whether the price of shares outstanding in the market is cheap or high compared to the book value(Munthe, 2018). Investors generally want stocks with a Price Book Value that is not too high so that calibration increases can occur in the future(Kharima & Zulfiati, 2020). Price Book Value that is too high indicates the saturation of the stock price compared to the book value or too high demand or market confidence compared to the book value which has a risk of falling share price values in the future(Fitriana, 2022). In this study Price Book Value is only influenced by the value of Return on Assets(Dewi, Kamaliah, & Silfi, 2019).

CONCLUSION

From the results of research that has been carried out by researchers, the researchers can conclude that: The variability of Price Book Value of 52.6% is influenced by the variability of the Return On Assets and Dividend Policy factors, partially Return On Assets has an effect on Price Book Value while the Dividend Policy has no effect.Researchers can provide recommendations as follows: Research needs to be done in longer term to evaluate banking performance and the macroeconomic cycle on credit growth rates. Research can be modified by using certain variables as moderating variables, for example, the rate of return on the JCI.

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