

The Influence of Current Ratio, Return on Investment, Asset Growth, and Debt to Equity Ratio on Dividend Payout Ratio in Basic Food Retailing, Food and Beverage Companies Listed on the Indonesian Stock Exchange in 2021-2023

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ABSTRACT

This research aims to test the influence of the Current ratio, Return On Investment, Asset Growth, and Debt To Equity Ratio on the Dividend Payout Ratio. This research uses secondary data with a type of causal research. The population used in this research is food and beverage companies listed on the Indonesian Stock Exchange (BEI). The observation period in this research starts from 2021-2023, using financial report data from 15 companies in the food and beverage sector for 3 years. The sampling technique used was purposive sampling. The research results show that, simultaneously the Current ratio, Return On Investment, Asset Growth, and Debt To Equity Ratio have a significant effect on the Dividend Payout Ratio. Partially, the Current Ratio has a significant positive effect on the Dividend Payout Ratio. Return on Investment and Asset Growth have a negative and insignificant effect on the Dividend Payout Ratio. Meanwhile, the Debt to Equity Ratio has a positive and insignificant effect on the Dividend Payout Ratio in food and beverage companies listed on the Indonesia Stock Exchange for the 2021-2023 period.

Keywords: current ratio, return on investment, asset growth, debt to equity ratio, dividend payout ratio.

1. INTRODUCTION

Indonesia has the largest economic growth in Southeast Asia (Alvianti et al., 2020). Manufacturing companies in the food and beverage sector, with work process flows such as processing, packaging, distribution and serving to consumers (Marcelin and Gantino, 2022). Putu Juli Ardika as the Director General of Agro Industry of the Ministry of Industry explained that the food and beverage industry obtained a gross domestic value of 39.10 percent in the non-oil and gas industry sector and 6.55 percent of the national GDP followed by a positive trade balance of 25.21 billion US which managed to record an export value of 41.70 billion US in 2023. The food and beverage sector recorded an investment value that continued to increase rapidly reaching IDR 85.10 trillion in 2023 (Antaranews.com 2024). The statistical agency noted that the Indonesian food and beverage sector in 2023 was 4.85 million business units with a sales value of 998.37 trillion rupiah.

The appointment of Indonesia as the chair of the G20 Summit Presidency from December 1, 2021 to November 2022 is a historic phenomenon for the Indonesian nation (ekon.go.id 2022).

Through the G20 Summit forum, Indonesia will attract world attention. Indonesia's G20 Presidency is a momentum to introduce Indonesian products, one of which is from the food and beverage sector which is expected to expand the export market (djkn.kemenkeu.go.id 2022). The G20 Summit also has a positive impact on the country's economy as reflected in various leading indicators that are on an expansionary path. In the third quarter of 2022, investment achievement increased by 42.1% compared to the same quarter as the previous period. Foreign investors (PMA) contributed 54.9 percent or equivalent to IDR 168.9 trillion. Then domestic investors gave IDR 138.9 trillion or played a role of 45.1 percent of the total investment (menpan.go.id 2022). The increase in the value of investments made by investors will be followed by the hopes of investors who expect dividends or returns on the investments they have made.

Investors will first examine the value of a company as a basis for making investment decisions. Company value can be understood as an explanation of a company's performance that can affect investors' assessment of a company (Primastuti and Febyansyah, 2022). An important factor that must be considered by the company to remain stable is to increase the company's value in the eyes of investors so that shareholders continue to invest their capital (Marcelin and Gantino, 2022). Profit is the main goal of shareholders in making investments, profits can be obtained by selling shares at a price that exceeds the purchase price. (capital gain) or from dividend distribution (dividend yield). The sustainability of the company depends on the company's ability to profit from the sale of assets or operations (Nadira and Wahyudi, 2021). The hope of shareholders is to get large or relatively stable profits (Ginting and Nurlelasari, 2022). Dividends are part of the profits obtained by the company and are given as a form of return on investment to investors. This dividend distribution is usually done in the form of cash or additional shares as a way to reward investors for their ownership of shares in the company. The decision to pay dividends is derived from two important factors, the first, using profits to be distributed as dividends or the second, making the company's profits as capital to improve the company's performance (Raed, 2020). Retained earnings will decrease as the increase in dividend payments can hinder the increase in stock prices and company profits. (Marcelin and Gantino, 2022).

Previous research on liquidity, profitability, asset growth and corporate governance on dividend policy shows that the Current Ratio or CR does not affect DPR. ROI and Good Corporate Governance affect the Dividend Payout Ratio positively. Asset Growth affects the Dividend Payout Ratio negatively. While research together shows that the Current Ratio, Return On Investment, Asset Growth and Good Corporate Governance positively affect the dividend payout ratio.

The main difference between this research and previous research lies in the time period, where this study uses more recent data. This provides a more up-to-date and relevant perspective on current conditions, which can reflect the latest changes or trends that may not have been detected in previous studies, the independent variable Good Corporate Governance is replaced by leverage which is proxied by the Debt to Equity Ratio because it is more relevant to describe the performance of the company's financial statements compared to the previous variable, namely Good Corporate Governance, which better describes the managerial side of the company. Previous research was conducted by taking samples of companies from the stock exchange. in each member country of the ASEAN-5 region "Indonesia, Malaysia, Philippines, Singapore, Thailand" (Alvianti et al., 2020). The current researcher uses a population of companies in one of the member countries of the ASEAN-5 Region, namely Indonesia. This study focuses on companies in the food and beverage industry that are listed on the Indonesian stock exchange in the year studied, which provides an overview of the performance and trends of the industry in the stock market during that period.

The researcher chose the food and beverage sector as the test object because this sector plays an important role in meeting basic human needs to live. The continuously increasing population in Indonesia is a factor that makes this sector worthy of being a test sample.

The purpose of this test is to understand how much the Current Ratio, Return on Investment, Asset Growth and Debt to Equity Ratio factors affect the Dividend Payout Ratio in the food and beverage sector included in the Indonesian stock exchange list for the 2021-2023 period.

2. LITERATURE REVIEW

Signalling Theory

Signal theory was first introduced by Akerlof in 1970 in his work entitled "The Market for Lemons": Quality Uncertainty and the Market Mechanism" which raised the issue of asymmetric information. Information asymmetry can be reduced if sellers describe the goods they have by sending signals containing the types of goods they produce (Akerlof 1970). After that, signal theory was discussed and developed again by Spence in 1973 in research entitled "Job Market Signaling". Spence (1973) illustrates that in the labor market, companies with superior performance use financial information to give signals. Spence (1973) states that the signal cost for bad news is greater than for good news, and companies with bad news tend to give less reliable signals. This encourages companies to convey information privately to reduce information asymmetry and provide positive signals regarding their performance.

Signal Theory can be understood as information about company performance which is stated in the annual report to inform the condition of the company (Primastuti and Febyansyah, 2022). The signals given by the company can be in the form of information about the activities and actions that have been implemented by management to achieve the company's goals (Davin and Bangun, 2021). To avoid losses in funding, investors choose companies with the possibility of generating greater profits. A high dividend payout ratio can be described as shareholders will get greater profits (Faadhilah and Hendrani, 2023). The ability to generate high profits shows that the company is showing solid performance, thus attracting investors to invest their profits. With money in the form of securities or shares. High profitability reflects positive opportunities for the company and investors can respond to the signal positively and will provide added value to the company, also having an impact on the company's strength in generating high profits will reflect good prospects for the company, so that investors can respond to the signal positively and improve the company's image (Riri and Rediyono, 2022).

Current Ratio (CR)

Dividends can be paid if the company has high current assets (Rosella and Syah, 2022). The current ratio projects how the company will pay off its current debts when the payment deadline arrives and distribute dividends to investors (Marcelin and Gantino, 2022). The Current Ratio is a ratio used to measure the risk of debt reflected in financial statements. Good cash flow will affect the short-term assets owned by the company and will affect the company's strength to make dividend payments (Vebriyanti and Puspitasari, 2023). In this study, the method for obtaining the Current Ratio value is current assets divided by current liabilities.

Return on Investment (ROI)

This ratio is also a projection of whether or not management is effective in managing its investments (Alvianti et al., 2020). The profit obtained by the company by utilizing the company's capital can be understood as Return on Investment. Return on Investment (ROI) measures how much profit the company generates from the assets used in each sale. ROI describes the efficiency of the company in utilizing the assets it owns to generate profits. The higher the ROI, the better the company's performance in generating profits from the investments made. It also reflects how effective the company is in managing the resources it has to achieve financial goals. When this ratio increases, it is considered that the company has made more efficient progress in generating high revenues. Investors can see Return on Investment on when investing. In this research, the measure

applied to calculate the ROI value is the ratio between net profit and total assets of the company (Churiyati and Yudiantoro, 2023).

Asset Growth (AG)

The company's operational activities are related to the use of assets. High asset values are assumed to be followed by increasing company profits. Growth shows an increase in the value of assets that the company uses for operational activities (Mikael and Alverina, 2020). Companies with increasing development values can reduce the portion of dividend payments. Company management will prefer to use its profits as funding for company development, so that the remaining profits to be distributed as dividends will decrease (Wahjudi, 2018). In this research, the formula used to obtain the Asset Growth value is the difference between total current assets and total assets in the previous year, then compared with the total assets in the previous year (Alvianti et al., 2020).

Debt to Equity Ratio (DER)

Describes the correlation between long-term debt received from creditors and capital invested by the company's owners. This ratio measures the company's reliance on debt compared to its own capital provided by its owners. If this ratio is high, the greater the company's dependence on debt to finance its operations, which can indicate a higher level of financial risk (Rosella and Syah, 2022). A company is very likely to default if it has a high level of debt (Liem and Hermanto, 2022). If the company decides to pay off its debt by retaining profits, it means that the company is retaining a large portion of its profits, so that only a little is distributed as dividends (Ginting and Nurlelasari, 2022). The debt ratio can be generated by comparing the amount of debt with the amount of equity (Lestari et al., 2022).

Dividend Payout Ratio (DPR)

Measuring dividend policy with Dividend Payout Ratio. The dividend payout ratio is used as a benchmark for companies in retaining company profits as company operating funds (Ningsih and Maharani, 2022). The main decision of the company is the dividend payment policy. An increase in annual dividends indicates good prospects, while a decrease in dividends indicates a negative signal due to the possibility of low company profits (Santikah and Syahzuni, 2023). The company's policy to pay dividends is influenced by dividend policy, this measure is used as the basis for paying profits to shareholders rather than holding them for reinvestment in the company (Kumaraswamy et al., 2019). The policy in dividend payments is very important for the company because it plays a major role in the company's capital structure and is used by the company to attract the attention of potential creditors to the company's prospects and stability (Churiyati and Yudiantoro, 2023). To evaluate dividend decisions, the Dividend Payout Ratio will display a value of 1 or 100% minus the retention ratio result, calculated by dividing retained earnings and net income (Marcelin and Gantino, 2022).

RELATIONSHIP BETWEEN VARIABLES

Relationship between Current Ratio, Return on Investment, Asset Growth, and Debt to Equity Ratio Simultaneously to Dividend Payout Ratio

Current Ratio, Return on Investment, Asset Growth, and Debt to Equity Ratio affect the Dividend Payout Ratio because profit, asset growth, and debt obtained will determine the company's ability to pay dividends. If the profit obtained is large, the greater the company's ability to provide dividends.

The profits earned by the company will be retained and not distributed as dividends if the company requires significant funds to support its operations. This means that the company prefers to retain profits to meet its financial needs, such as financing expansion projects, investments, or debt payments, rather than distributing them to shareholders in the form of dividends. This decision

is often taken to ensure the continuity and growth of the company in the long term (Roshidayah et al., 2021). Based on the test results from (Alvianti et al., 2020) it shows that CR does not affect the dividend payout ratio.

The use of debt as funding requires companies to pay installments and interest first, which reduces funds for dividends. With the increasing debt ratio DER, the profits distributed tend to be lower (Ginting and Nurlelasari, 2022). The conclusion of previous research conducted by (Marcelin and Gantino, 2022) reflects the negative effect of DER on the dividend payout ratio.

H₁: Current Ratio, Return on Investment, Asset Growth, and Debt to Equity Ratio simultaneously have a significant influence on the Dividend Payout Ratio.

Relationship between Current Ratio and Dividend Payout Ratio

The current ratio affects company management in distributing dividends. This is related to the higher Current Ratio or current ratio which increases the company's capabilities, especially providing working capital to maintain the company's sustainability so that the company will provide a larger percentage of profit for the company's operational costs and provide a small percentage of profit to be distributed as dividends (Marcelin et al. 2022). One of the things that reflects liquidity is the Current Ratio, if the value of current assets is high, it can be understood that the company is not utilizing cash optimally (Pratiwi and Sihono, 2024). During the company's growth period, management will allocate more of the company's cash funds for investment rather than distributing them as dividends (Jessica and Nyale, 2022) .

Previous research results (Alvianti et al., 2020) and (Marcelin and Gantino, 2022) stated that the current ratio negatively affects the Dividend Payout Ratio. Based on this research, the following hypotheses can be proposed by researchers:

H₂: Partially, the Current Ratio has a negative effect on the Dividend Payout Ratio.

Relationship between Return on Investment and Dividend Payout Ratio

The ratio that describes the company's financial activities in making a profit is Return on Investment. Investors use ROI as a benchmark for making investment decisions (Handayani and Arrozi, 2024). The higher the Return on Investment, the greater the consistent dividend payment (Alvianti et al., 2020). Increasing ROI illustrates the company's solid cash condition, allowing dividend payments according to shareholder expectations. An increase in the company's profit also has the potential to increase dividends in the future (Sumiat and Febyansyah, 2021). From this description, it can be seen that the Return on Investment ratio has a positive effect on the Dividend Payout Ratio. Reviewing this statement, the researcher's hypothesis is:

H₃: ROI or Return on Investment has a positive effect on the Dividend Payout Ratio

Relationship between Asset Growth and Dividend Payout Ratio

Dividend policy can be negatively affected by asset growth. This is because, when a company's assets grow larger, the company tends to choose expansion rather than distributing it as dividends (Alvianti et al., 2020). If asset growth is greater, it shows that the company is growing, so that management will allocate most of the profits obtained to support its growth (Wahjudi, 2018). In this study (Alvianti et al., 2020) stated that asset growth negatively affects the dividend payout ratio. This means that when a company experiences an increase in assets, it tends to distribute less profit to creditors. This happens because the company may choose to invest the profits obtained in expansion or purchasing new assets, rather than distributing them as dividends. As a result, entities with high asset growth may focus more on long-term development than paying dividends. Based on the statement above, the hypothesis that researchers can put forward is: H₄: Asset Growth has a negative effect on the Dividend Payout Ratio.

Relationship between Debt to Equity Ratio and Dividend Payout Ratio

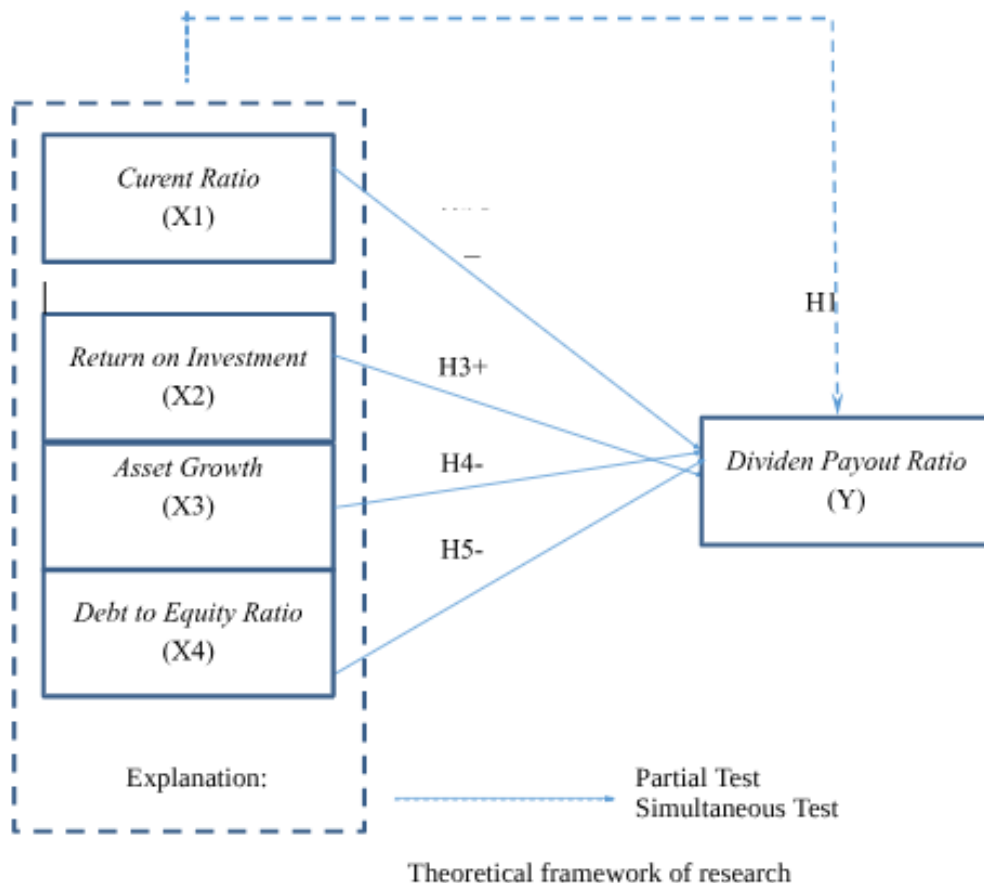
A smaller DER value means that the amount of debt is low so that the interest burden is smaller, and the company's profit income is higher (Albiansyah and Rini, 2023). The use of debt as funding requires the company to pay installments and interest first, which reduces funds for dividends. The higher the Debt To Equity Ratio (DER), the lower the dividends distributed (Ginting and Nurlelasari, 2022). DER reflects the entity's capability to pay off its obligations, both short-term and long-term debt, which depends on the profit obtained (Sumiat and Febyansyah, 2021). DER projects the comparison of funds from company owners and funds from investors (Sari and Berliani, 2024).

Previous research conducted by (Marcelin and Gantino, 2022) stated that the higher the Leverage value (Debt to Equity Ratio), the greater the entity's capability to meet its obligations, so that leverage negatively affects dividend policy. Based on the previous research statement, the hypothesis that the researcher will propose is:

H₅: DER or Debt to Equity Ratio has a negative influence on the Dividend Payout Ratio (DPR).

Research Model

The following is the research model framework applied in this study to describe the relationship between the Dependent Variable and Independent variables:



3. RESEARCH METHODS

This researcher uses a descriptive quantitative method, utilizing secondary data and is causal or cause and effect of several variables. This study uses a population of Food and Beverage industry companies in 2021-2023 listed on the Indonesia Stock Exchange. The method for obtaining research data is carried out by purposive sampling, namely the company must have the criteria to be

consistently listed on the IDX in the Food and Beverage Sector during the study period. During the study period, 15 food and beverage companies consistently distributed dividends, resulting in a total of 45 financial report data that met the criteria.

This research uses 4 (four) independent variables, namely the liquidity variable measured by the Current Ratio (CR), the Return on Investment (ROI) variable, and the Asset Growth (AG) growth variable. Meanwhile, dividends as a dependent variable are measured using the Dividend Payout Ratio (DPR) (Alvianti et al. 2020). To measure the value of this variable is current assets divided by the value of short-term debt. ROI is obtained by dividing net profit by the company's total assets. Asset Growth is obtained by subtracting the total assets of this year from the total assets of the previous year, then dividing it by the total assets of the previous year. In addition, the Debt to Equity Ratio is obtained by dividing the total debt by the total equity of the company. While the DPR value is obtained by comparing the total dividends and total net profit.

In this research, the researcher used a multiple linear regression analysis test which was then tested with a Statistical Test. The purpose of the multiple linear test is to obtain conclusions about the influence between the independent variables on the dependent variables (Alvianti et al., 2020). The classical assumption test is carried out to obtain the results of multiple linear regression with several criteria, such as the normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test. Then the last one is a hypothesis test using a multiple linear regression analysis approach consisting of a Partial Regression Coefficient Significance Test (t Test), a Significance Test of All Regression Coefficients together (f Test) and a determination coefficient test (R²).

4. RESULTS

From the results of the selection process using purposive sampling, 27 data of D2 Food & Beverage sub-sector companies were found. However, in the data processing process, 12 entities were identified as outliers. So that the number of entities that can be used as samples in this study is 15 companies. This study was conducted for 3 years in the period 2021-2023 so that the data produced was 45 company financial report data. The results of the descriptive test on this sample can be explained as follows:

Table 1. Descriptive Test

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Current Ratio	45	1.00	4.89	1.9476	.95809
Return On Investment	45	.02	.21	.0816	.04385
Asset Growth	45	-.08	.36	.0676	.08684
Debt To Equity Ratio	45	.22	2.48	.9980	.57639
Dividen Payout Ratio	45	.03	1.31	.4220	.30534
Valid N (listwise)	45				

(Source: SPSS processed data. 2025)

The 45 samples, involving the variables Current Ratio, Return on Investment, Asset Growth, Debt to Equity Ratio, and Dividend Payout Ratio, the Current Ratio (CR) variable has a mean of 1.9476, indicating that the food and beverage sector has an average current asset of 19.47% of current liabilities. In this sample, the public company named PT Dharma Satya Nusantara has a minimum current ratio of 1.00, while the Public Company Delta Djakarta Tbk has a maximum Current Ratio value of 4.89. ROI has a mean value of 0.0816, meaning that the average company in this sample is able to generate a profit of 81.06%. The lowest value of 0.02 is owned by PT Sinar Mas Agro Resources and Technology Tbk, while the highest value of 0.21 is owned by PT Triputra

Agro Persada Tbk. Next, the Asset Growth variable has a mean value of 0.676, meaning that asset growth in 45 samples grew by an average of 67.06% with the lowest growth value of -0.08 owned by PT Delta Djakarta Tbk and a maximum value of 0.36 owned by PT Sariguna Primatirta Tbk. Then the Debt to Equity Ratio variable has a mean value of 0.9980, meaning that the average in the research sample has a good debt ratio, because its equity can cover all its debts, with the lowest DER value of 0.22 owned by PT Triputra Agro Persada Tbk and a maximum value of 2.48 from PT FKS Multi Agro Tbk. Furthermore, the DPR variable has a mean value of 0.4220, meaning that the average in the research sample dividend sharing is 42.20%. The lowest DPR value of 0.03 is owned by PT Salim Ivomas Pratama Tbk and the maximum DPR value of 1.31% by PT Delta Djakarta Tbk. We can see from the variables Current Ratio, Return On Investment, Debt to Equity Ratio and Dividend Payout Ratio have a deviation limit that is much smaller than the mean indicating that the data is good, because the mean is greater than the standard deviation. The mean Asset Growth value <from the standard deviation, illustrates poor data diversity. The large difference in value could be caused by the transition period of economic recovery 2021-2023, which makes the financial data of the food and beverage sector unstable.

Classical Assumption Test

The normality test using the Kolmogorov-Smirnov test produces Asymp. Sig value 0.200d> 0.05 describes the data is normally distributed. Then the researcher continued to test the classical assumption. The results of the multicollinearity test illustrate that the Variance Inflation Factor (VIF) value for all independent variables <10, and the tolerance value> 0.10, which indicates no multicollinearity among the five variables. Furthermore, the heteroscedasticity test using the Glejser test shows the p-value for CR, ROI, AG, DER and DPR is greater than 0.05, which indicates no heteroscedasticity in this study. Then the autocorrelation test is carried out using Durbin Watson. Data is not identified as being affected by autocorrelation if the Durbin Watson value is between the Du and 4-Du values. However, the Autocorrelation test with 45 sample data gets a DW figure of 1.596. If we look at the dU value of n = 45 is 1.7200 and the 4-dU value is 2.2800 then the Durbin Watson number is not between the lower limit of 1.7200 and the upper limit of 2.2800 so it can be concluded that the data is affected by autocorrelation, so it is necessary to do a method of healing data affected by autocorrelation. In this case the researcher uses the Cochrane Orcutt transformation method to overcome the problematic data.

According to Ghozali (2011:121) "autocorrelation can be overcome by the Cochrane-Orcutt method, problematic research data is changed to Lag". The Cochrane-Orcutt method is used to find the autocorrelation coefficient value, after the coefficient value is obtained, the next step is data transformation (Statistikian.com, 2015). After overcoming the autocorrelation problem, the Durbin Watson value is 1.958, which means that the Durbin Watson value is between the lower limit of 1.7200 and the upper limit of 2.2800 based on the autocorrelation test (4-du). This conclusion shows that the data is free from autocorrelation so that this research study can be continued. Multiple linear regression tests are as follows:

$$DPR = 0,127 + 0,186 CR - 0,414 ROI - 0,834 AG + 0,23 DER$$

It means that the constant value (α) in this research is 0.127, which shows that if the variables Current Ratio (CR), Return on Investment (ROI), Asset Growth (AG), Debt to Equity Ratio (DER) and Dividend Payout Ratio (DPR) are considered constant or given a value of 0, then DPR increases by 0.127. The CR variable has a beta value of +0.186 which means that a 1% increase in the Current Ratio causes DPR to increase by 0.186. ROI with a beta of -0.414 shows that each increase in ROI reduces DPR by 0.414. Asset Growth with a regression coefficient of -0.834 means that an increase in Asset Growth reduces DPR by 0.834. DER with a regression coefficient of +0.23 means that an increase in DER increases DPR by 0.23.

Table 2. Hypothesis Testing of Research Model

Hipotesis	Beta	t	Sig.	Hasil
H₁ : Current Ratio, Return on Investment, Asset Growth and Debt to Equity Ratio (H1) have a simultaneous effect on the Dividend Payout Ratio	-	-	<.001 ^b	Accepted
H₂ : Current Ratio (H2) has a positive effect on the Dividend Payout Ratio	,584	3,788	<.001	Rejected
H₃ : Return on Investment (H3) has a positive effect on the Dividend Payout Ratio	-,059	-,326	0,746	Rejected
H₄ : Asset Growth (H4) has a negative effect on the Dividend Payout Ratio	-,237	-1,698	0,97	Rejected
H₅ : Debt to Equity Ratio (H5) has a positive effect on Dividend Payout Ratio	,043	,278	0,782	Rejected
Coefficient of Determination	Adjusted R-Square	0,350	Influential 35%, the remaining 65% is influenced by other variables.	

The results of the F test using the Anova table show F count 6.922 > F table 2.60 with significance <0.001, which means that the variables Current Ratio (X1), Return on Investment (X2), Asset Growth (X3), and Debt to Equity Ratio (X4) simultaneously have a significant effect on the Dividend Payout Ratio (Y), so that H1 is accepted. A separate t test shows that the Current Ratio (X1) is significant at 3.788 (significance <0.001), so that H2 is rejected. Return on Investment (X2) is not significant at -0.326 (significance 0.746), so that H3 is rejected. Asset Growth (X3) is also not significant with a t count value of -1.698 (significance 0.97), so that H4 is rejected. Debt to Equity Ratio (X4) is not significant with a t-value of 0.278 (significance 0.782), so H5 is rejected.

Next, a determination coefficient test (R²) was conducted, which produced an Adjusted R-Square showing a value of 0.350 or 35%. This means that simultaneously, independent variables such as Current Ratio, Return On Investment, Asset Growth, and Debt to Equity Ratio affect the dependent variable, namely Dividend Payout Ratio, by 35%, while 65% is affected by variables that are not in the sample of this study.

DISCUSSION

This study empirically tests the level of significance of Current Ratio, Return on Investment, Asset Growth and Debt to Equity Ratio on Dividend Payout Ratio using the research period of 2021-2023. From the results of the test on four independent variables, there is one variable that affects the dividend payout ratio, namely the Current Ratio and Return on Investment, Asset Growth and DER do not affect the Dividend Payout Ratio.

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

The results of the simultaneous test (F test) from this research show that the variables Current Ratio, Return on Investment, Asset Growth and Debt to Equity Ratio have a significance value of <0.001 <0.05 , which can be concluded that the independent variables simultaneously affect the Dividend Payout Ratio so that H1 is accepted. The Dividend Payout Ratio (DPR) is closely related to the company's financial performance, if the company's financial performance is good, the company will be able to set the DPR according to shareholder expectations (Ginting and Nurlelasari, 2022). The explanation of the signal theory is that the size of the dividend distribution value will be influenced by the company's financial performance, including the Current Ratio, Return on Investment, Asset Growth and Debt to Equity Ratio.

The findings of this study are consistent with previous studies (Alvianti et al., 2020) and (Ginting and Nurlelasari, 2022) which concluded that each free variable jointly affects the Dividend Payout Ratio.

The Effect of Current Ratio on Dividend Payout Ratio

Partial test (T-Test) shows that Current Ratio has a significant positive effect (<0.001) on the dividend payout ratio, but the results of this study are contrary to the hypothesis, so H2 is rejected. This means that an increase in the Current Ratio will increase the Dividend Payout Ratio. A good CR is one that increases from the previous year because it can be concluded that the company is able to pay its current liabilities, one of which is dividend payments (Vebriyanti and Puspitasari, 2023). The explanation of the signal theory is that if the high Current Ratio value gives a signal that the company can pay dividends smoothly according to the expectations of shareholders.

This research has similarities with previous research which reflects that the Current ratio positively affects the Dividend Payout Ratio (Rosella and Syah, 2022). However, according to research (Alvianti et al., 2020), (Marcelin and Gantino, 2022) states that the Dividend Payout Ratio is not affected by the Current Ratio.

The Effect of Return On Investment on Dividend Payout Ratio

It can be seen from the results of the t-test findings, it is known that the Return on Investment variable has a significant value of 0.746, meaning that the Dividend Payout Ratio is not affected by ROI. This shows that H3 is not accepted, because it is different from the hypothesis of this research. The results of this study can be interpreted that the higher the Return on Investment, the lower the Dividend Payout Ratio. Return on Investment (ROI) shows how much net profit a company generates when compared to the value of the company's assets (Handayani and Arrozi, 2024). A negative ROI value can be assumed that during the study period the company provided a larger percentage of the net profit generated for investment in improving company performance and provided a small portion to be distributed as dividends. This statement can be associated with signaling theory if a high Return on Investment makes management tend to keep most of the profit as retained earnings.

This study is in line with previous studies which stated that the company's ability to generate profits proxied by Return on Investment negatively affects the Dividend Payout Ratio (Churiyati and Yudiantoro, 2023).

However, the research here is different from previous research which revealed that Return on Investment has a positive effect on the Dividend Payout Ratio (Alvianti et al., 2020). Another study stated that the ability to generate profits proxied by Return on Assets (ROA) has a positive effect on the Dividend Payout Ratio (Rosella and Syah, 2022).

The Influence of Asset Growth on Dividend Payout Ratio

Reviewing the partial test results, it can be seen that the Asset Growth variable produces a significance value of $0.97 > 0.05$ so that the Asset Growth variable does not affect the Dividend Payout Ratio, therefore it can be stated that H4 is not accepted. The meaning of the results of this study is that the higher the Asset Growth value, the lower the dividend payout ratio value will be, and vice versa if the company's growth value decreases, the Dividend Payout Ratio value will increase. Dividend payments can be influenced by asset value. The greater the growth of the company's assets, the more likely the profit is used to buy assets rather than pay dividends (Alvianti et al., 2020). This is supported by signaling theory that companies that show high Asset Growth values are not necessarily able to provide large returns on investment.

This study is in line with previous research that Asset Growth negatively affects the Dividend Payout Ratio (Alvianti et al., 2020), but other studies state that company development does not affect the dividend payout ratio (Roshidayah et al., 2021).

The Influence of Debt to Equity Ratio on Dividend Payout Ratio

The results of the t-test research found that the Debt to Equity Ratio (DER) variable did not affect the DPR because it produced a significance figure of 0.782 greater than zero point zero five, it was concluded that H5 was not accepted, because the test results were not the same as the hypothesis proposed by the researcher, and the results of the study showed that it can be understood that with increasing DER values, the Dividend Payout Ratio will increase. A high DER value can mean that the company must also pay high company obligations (Marcelin and Gantino, 2022). Another study stated that if the company's ability to obtain debt is higher, the more profit will be obtained, which affects the dividends paid to shareholders (Churiyati and Yudiantoro, 2023). It can be explained by signal theory, which states that entities with a high capital structure and large debt values will not necessarily have a negative impact on investment returns. In this study, some of the food and beverage sectors obtain raw materials through a debt system, then the raw materials

produced to become finished goods and sold so that the company can make a profit. The more raw materials a company has to produce, it is assumed that the more finished goods the company can sell and make a profit for the company.

This research is the same as previous research which revealed that Debt to Equity Ratio does not affect Dividend Payout Ratio. (Churiyati and Yudiantoro, 2023). However, in their research, Debt to Equity Ratio affects Dividend Payout Ratio (Marcelin and Gantino, 2022).

5. CONCLUSION

This research uses 45 financial reports from 15 food and beverage sector companies listed on the IDX during the period 2021-2023. The results of the study show that CR, ROI, AG, and DER simultaneously affect the dividend policy ratio, but partially only the Current Ratio has a significant effect, while ROI, AG, and DER have no effect because they have a significance value > 0.05 .

This study has limitations, namely only using the variables Current Ratio, Return on Investment, Asset Growth, and Debt to Equity Ratio. Further research can replace or add independent variables such as tax, company size, expansion, or sales growth. In addition, this research only observes food and beverage entities, while further research can be conducted in the banking, mining, or other entities.

The results of this study have implications for company management to understand the variables that can affect Dividend payments. This research proves that the Current Ratio can provide a positive signal to the Dividend Payout Ratio. A high Current Ratio provides information to investors or potential investors that the company can make Dividend payments smoothly. Companies with high liquid cash can meet shareholder expectations, meaning the company is able to provide the results desired by investors, either in the form of high profits, good dividend

distribution, or stock value growth. Shareholders expect that the company will develop well, provide stable profits, and increase the value of their investments. To meet these expectations, the company needs to demonstrate solid performance and decisions that support long-term growth and provide adequate returns for shareholders. A high current ratio can increase the trust of creditors.

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