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The Effect Of ROA And FAR On Company Value With Dividend Policy As An Intervening Variable In Industrial Sector Companies Listed On The IDX

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KEYWORDS
ROA And FAR, Company Value.

ABSTRACT

This study aims to determine the effect of ROA and FAR on Company Value with Dividend Policy as an Intervening Variable in Industrial Sector Companies Listed on the IDX. The number used in this study is the Industrial Sector Listed on the Indonesia Stock Exchange (IDX) in 2020-2022. This type of research is quantitative, secondary data, and purposive sampling. The technique used in collecting samples with multiple linear analysis using SPSS 19. The results of this study in equation 1 ROA and FAR have a significant effect on Company Value. And in equation 2 ROA, FAR, and Company Value partially do not affect dividend policy as an intervening variable.

INTRODUCTION

The author is interested in conducting this study to see whether ROA and FAR affect Company Value and Dividend Policy on Intervening Variables. Managers as agents of company management are expected to be able to generate profits that can ultimately be distributed to shareholders in the form of dividends.

Dividends are the distribution of profits given by the company which comes from the profits generated by the company (Fahmi, 2012). The stock exchange in Indonesia in Indonesia, namely the Indonesia Stock Exchange (IDX), runs a stock trading mechanism that is only owned by Limited Liability Companies with public status. Public Companies (Tbk) are companies in the form of limited liability companies and public companies (Go Public).

There are several capital market investment products offered by the Indonesia Stock Exchange, namely: stocks, bonds, derivatives, mutual funds, sharia and services related to historical IDX data. The industrial sector is one of the drivers of accelerated economic growth, because the industrial sector plays a role in overcoming unemployment problems and creating a labor-intensive agro-industry-based economy.

The manufacturing industry continues to grow amidst various pressures, this can be seen in the growth of the manufacturing industry which grew by 4.88 percent in the second quarter of 2023 and drove Indonesia's economic growth to reach 5.17 percent, despite the global economic slowdown and falling prices of leading export commodities.The performance of the manufacturing industry is also reflected in Bank Indonesia's Prompt Manufacturing Index (PMI) in the second quarter of 2023 which showed an expansion of 52.39 percent, higher than the previous quarter of 50.75 percent.

This performance continues to be maintained until the period of August 2023. "The condition of the Indonesian manufacturing industry remains solid. The Industry Confidence Index (IKI) in August 2023 reached 53.22 percent, still growing although it slowed down by 0.09 points compared to July 2023.

In this study, the variables used are Return On Assets (ROA), and Fixed Assets Ratio (FAR), Company Value and Dividend Policy as Intervening Variables Company value is proxied by Price to Book Value, while dividend policy is proxied by the company's Dividend Payout Ratio which is reflected in the stock price formed by supply and demand in the capital market which reflects the public's assessment of the company's performance Dividend Policy is a decision taken by a company regarding dividends, whether profits will be distributed to shareholders or investors in the form of dividends or profits will be retained as retained earnings for future investment financing.

LITERATURE REVIEW

Dividend Policy

According to Sundjaja and Barlin (2010) "Dividend policy is a decision taken by a company regarding dividends, whether profits will be distributed to shareholders or investors in the form of dividends or whether profits will be retained as retained earnings to finance future investments."

Company Values

According to Harmono (2009): "Company value is the company's performance as reflected in the share price formed by supply and demand in the capital market which reflects the public's assessment of the company's performance."

FAR (Fixed Asset Ratio)

According to Munawar (2013): " *Fixed Asset Ratio* is a fixed asset or fixed asset that has a long service life and is able to play a long role in the company so that it can be used to fulfill the company's normal operational activities, has material value, and is not intended for resale."

ROA (Return on Assets)

According to Unzu Marireta and Djiko Sampurno (2013): " *Return On Asset* is a profitability ratio used to measure the effectiveness of a company in generating profits in utilizing its assets. This study states that *the return on asset variable* has an effect on *the dividend payout ratio.* "

Price to Book Value (PBV)

According to Murhadi (2015) " *Price to Book Value* (PBV) is a ratio that describes the comparison between the market price of shares and the book value of equity as stated in the financial position report."

Dividend Payout Ratio (DPR)

According to Sugiono (2018) " *Dividend Payout Ratio* is a financial ratio that measures how much dividend is paid by a company in relation to the net profit generated. *Dividend payout ratio*

is a comparison between the amount of dividends paid to shareholders and the company's net profit. Usually expressed as a percentage".

The Influence Of ROA And FAR On Company Value As Intervening Variables

According to Mardiyanto (2009) *Return On Equity* (ROE) is a profitability ratio to measure the level of profit against capital. ROE is used to measure the level of company returns or the company's effectiveness in generating profits by utilizing equity (shareholders' equity) owned by the company.

According to Handayani (2020), it proves that investment decisions using FAR have a positive and significant effect on company value. In contrast to Khasanah (2020), it proves that investment decisions using FAR have a partial but insignificant effect on company value.

The Influence Of ROA, FAR, And Dividend Policy On Company Value As Intervening Variables

Novita (2014), Sugiarto (2011) and Fenandar (2012) stated that the policydividends have a positive effect on company value. Similar research results also revealed by Wijaya (2010). This means that by distributing dividends it will AA Ngurah Dharma Adi Putra, The Influence of Dividend Policy on Increasing Company Value. Based on the theory and empirical research results, the following research hypothesis can be made.

- H1: Dividend policy has a positive and significant effect on company value.

METHOD

This Hypothesis Testing is conducted to test the Effect of Return on Assets and Fixed Asset Ratio on Company Value with Dividend Policy as an Intervening Variable. The data analysis method in this study involves the Use of Classical Assumptions including Normality, Multicollinearity, Autocorrelation, Heteroscedasticity, and Linearity. While Statistical Tests include the Determination Coefficient, Simultaneous Test (F Test), and Partial Test (T Test). The purpose of this Hypothesis Testing is to assess the effect of the Independent Variable on the Dependent Variable both partially and simultaneously, and to determine the extent to which the Independent variable is able to explain the dependent variable. The data is processed using SPSS 19 software.

The Structural Equation for Path Analysis is as follows:

Equation 1: Y1 = a + b1 X1 + b2 X2 + e
Equation 2: Y2 = a + b1 X1 + b2 X2 + b1 Y1 + e

Information :
Y 1 = Company Value
Y2 = *Dividend Payout Ratio*
a = Constant
b1-b2 = Regression coefficient of each variable
X1 = *Return on Assets*
X2 = *Fixed Asset Ratio*
e = Error

RESULTS AND DISCUSSION

Normality Test

Table 1 Model 1 One Sample Kolmogorov-Smirnov Test

		Not standardized Remainder
N		55
Normal The parameters are [a,b]	Means	.0000000
	Standard. Deviation	3.94429315
Most Extreme Difference	Absolute	.106
	Positive	.105
	Negative	- .106
Kolmogorov-Smirnov English: Z		.785
Asymptomatic . Signature. (2 tails)		.569

A. Test distribution is Normal.

B. Calculated from data.

Based on the results of the normality test with a significance value of 0.569 > 0.05, meaning that the data used in this study is normally distributed.

Normality Test

Table 2 Model 2

		Not standardized Remainder
N		55
Normal The parameters are [a,b]	Means	.0000000
	Standard. Deviation	25.85737909
Most Extreme Difference	Absolute	.137
	Positive	.137
	Negative	- .118
Kolmogorov-Smirnov English: Z		1,019 years
Asymptomatic . Signature. (2 tails)		.250

A. Test distribution is Normal.

B. Calculated from data.

Based on the results of the normality test with a significance value of 0.250 > 0.05, the data used in this study is normally distributed. Multicollinearity Test The results of the multicollinearity test can be seen in the following table:

Table 3 Multicollinearity Test (Model 1)

Coefficient

Model	Collinearity Statistics	
	Toll road	English: VIF
Net profit	.881	1,135 years
FAR	.881	1,135 years

a. Dependent variable: Dividend Policy

Based on the results of the multicollinearity test of model 1, it was obtained that all independent variables had a Tolerance value above 0.1 and a VIF value below 10. Thus, there is no multicollinearity problem in this model.

Table 4 Multicollinearity Test Results for Model 2

Coefficient

Model	Collinearity Statistics	
	Toll road	English: VIF
Net profit	.853	1,172 people
FAR	.850	1,177 people
Dividend Policy	.905	1,104 years

Dependent variable: Firm Value

Table 5 Autocorrelation Test Results (Model 1)

Run a test run

	Not standardized Remainder
Test Value [a]	-8,11405
Case < Test Value	27
Case <= Test Value	28
Number of Cases	55
Number of Runs	34
English: Z	1,500 people
Asymptomatic Sig. (2-tailed)	,134

a. Average

Table 6 Autocorrelation Test Results (Model 2):

Run a test run

	Not standardized Remainder
Test Value [a]	-,42349
Case < Test Value	27
Case <= Test Value	28
Number of Cases	55
Number of Runs	27
English: Z	-,406
Asymptomatic Sig. (2-tailed)	,685

a. Average

Heteroscedasticity Test

Table 7 Results Of Heteroscedasticity Test (Model 1):

Model	Unstandardized Coefficient		standardized Coefficient	T	Signature
	B	Standard Error	English		
1 (Constant) Net profit FAR	20,918 ,000 -,003	2,199 years ,000 ,063	 ,179 -,007	9,514 people 1,230 years -,047	,000 ,224 ,963

a. Dependent Variable: RES2

It was found that all variables in this study had a significance value <0.05, which means there are symptoms of heteroscedasticity.

Table 8 Results Of Heteroscedasticity Test (Model 2)

Model	Unstandardized Coefficients		standardized Coefficient	T	Signatur e
	B	Standard Error	English		
1 (Constant) Net profit FAR Dividend Policy	21,473 people ,000 -,008 -,242	2,538 people ,000 ,065 ,540	 ,191 -,019 -,065	8,461 1,281 people -,130 -,449	,000 ,206 ,897 ,656

a. Dependent Variable: RES3

Linearity Test

Table 9 Linearity Test Results (Model) 1

Model	R	R Rectangle	Customized R Rectangle	Standard. Error from That Estimating
1	,340a	,116	,042	25.58554244

a. Predictors: (Constant), Unstandardized Residual (-2), Unstandardized Residual (-1), ROA, FAR

Table 10 Linearity Test Results (Model 2)

Model	R	R Rectangle	Customized R Rectangle	Standard. Error from That Estimating
1	,205 [a]	,042	-,017	26.39513

Predictors: (Constant), Dividend Policy, FAR, ROA

Statistical Test

Table 11 Path Analysis Results (model 1)

Variables	Beta Coefficient Standard	Signature t
Net profit	0.496	3,804 people
FAR	0.224	1,714 people
R Square	0, 220	
F Sign	7,325 people	

Table 12 Path Analysis Results (model 2)

Variables	Beta Coefficient Standard	Signature t
Net profit	0.175	1,089 years
FAR	-0.196	-1,345 years
Company Values	0.013	0.089
R Square	0, 095	
F Sign	1,778 people	

Correlation Coefficient Analysis (R Test)

Table 13 Correlation Coefficient Results (R Test)

Model Summary Model 1

Model	R	R Rectangle	Customized R Rectangle	Standard Error of Estimate
1	,469 a	,220	,190	26,350 people

a. Predictors: (Constant), FAR, ROA

Model Summary Model 2

Model	R	R Rectangle	Customized R Rectangle	Standard Error of Estimate
1	,308 a	,095	,041	4,058 people

Predictors: (Constant), Firm Value, FAR, ROA

Table 14 Analysis of Determination Coefficient (R^2)

Model Summary Model 1

Model	R	R Rectangle	Customized R Rectangle
1	.469 a	.220	26,350 people

Model Summary Model 2

Model	R	R Rectangle	Customized R Rectangle
1	.308 a	.095	4,058 people

Table 15 Simultaneous Test (l F Test)

Analysis Of Variance Model 1

Model		Amount from the Box	df	Means Rectangle	F	Signature.
1	Regression	10171.479	2	5085.739	7,325 people	.002 a
	Remainder	36104.619 years	52	694,320		
	Total	46,276,098	54			

a. Predictors: (Constant), FAR, ROA

b. Dependent Variable: Company Value

Table 16 Analysis Of Variance

Model 2

Model		Amount from the Box	df	Means Rectangle	F	Signature.
1	Regression	87,864	3	29,288	1,778 people	.163 a
	Remainder	839,973	51	16,470 people		
	Total	927,837	54			

a. Predictors: (Constant), Firm Value, FAR, ROA
b. Dependent Variable: Dividend Policy

Table 17 Partial Test Results (T-Test)

Coefficient Model 1

Model	Not standardized Coefficient		Standardized Coefficient	T	Signature.
	B	Standard Error	English		
(Constant)	33.143	3,732 people		8,882	.000
Net profit	.001	.000	.496	3,804 people	.000
FAR	. 184	.107	- .224	1,713 people	.093

Table 18 Coefficient

Model 2

Model	Not standardized Coefficient		Standardized Coefficient	T	Signature.
	B	Standard Error	English		
(Constant)	2.230	,912		2.446	.018
Net profit	2.807E-5	.000	.175	1,089 years	.281
FAR	-.023	.017	- .196	-.1.345	.184
Company Values	. 002	.021 pages	.013 pages	.089 years	. 930

From the table above, it is explained that the ROA value has a probability value (sig) of 0.281> 0.05, which means that ROA has no effect on dividend policy, with this result being rejected. In line with the research of Eso Hermawan, Yoyok Cahyono, et al. (2021) which states that return on assets has no effect on dividend policy. However, it is different from the results of

research conducted by Wafiq Shaleh, Viska.AM, et al. (2023) which shows that return on assets has an effect on dividend policy.

FAR has no effect on dividend policy. The results of testing the hypothesis of the influence of the FAR variable on dividend policy obtained a significance value of 0.184> 0.05, which means that FAR has no effect on dividend policy, with this result being rejected. The results of testing the hypothesis of the influence of the Dividend Policy variable on Company Value obtained a significance value of 0.930> 0.05, which means that Dividend Value Policy has no effect on Company Value, with this result being rejected. These results are in line with research by Anggraini, A., & Yudiantoro, D. (2023) which states that NPM has an effect on company value.

CONCLUSION

Based on the results of the correlation coefficient test (R), the equation value is 0.469. This means that the relationship between ROA and FAR to Company Value has a weak correlation . The multiple correlation coefficient test (R) of equation 2 obtained a value of 0.308. This means that the relationship between ROA, FAR and Dividend Policy to Company Value has a weak correlation.

While the results of the determination coefficient (^{R2}) of ^{equation} 1 state that the determination coefficient (R2) or *R Square* obtained is 0.220. This means that 22% is explained or influenced by the ROA and FAR variables, while the remaining 78% is influenced by variables not included in this study. The results of the determination coefficient (R2) of equation 2 state that the determination coefficient (R2) or *R Square* obtained is 0.095. This means that 9.5% is influenced by the ROA, FAR, and Company Value variables. Meanwhile, the remaining 90.5 is influenced by variables not included in this study.

Based on the results of the F test (simultaneous test) equation 1 states that simultaneously dependent variables. This can be proven from the probability value (*sig*) of 0.002 <0.050, meaning that the ROA and FAR variables have a simultaneous influence on Company Value.

The results of the F test (simultaneous test) equation 2 states that simultaneously independent variables have a significant influence on the dependent variable. This can be proven from the probability value (*sig*) of 0.163 <0.050, meaning that ROA and FAR have a simultaneous influence on Company Value with Dividend Policy as an intervening variable. Based on the T-test (partial influence test) equation 1 states that the ROA variable has a significant effect on Company Value.

The FAR variable does not have a significant effect on Company Value. The T-test equation (partial influence test) 2 states that the ROA, FAR and Dividend Policy variables as intervening variables partially do not have a significant effect on Company Value.

SUGGESTION

For companies, it is better to maximize the company's own assets and capital in increasing the company's profit, which is useful for increasing investor confidence in the form of company performance results and financial reports. And for investors and potential investors in making investment decisions on the value of shares in industrial companies, it is better to consider the ROA and FAR ratios because both simultaneously affect the company's value and dividend policy as intervening variables.

For further research, it can add variables that affect the company's value and dividend policy. Not limited to using only the variables in this study. The use of the research period can be added and updated with the latest, more updated sample data, so that a better picture can be obtained.

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