

Analysis of Factors that Impact Dividend Payout Ratio on Listed Companies at Jakarta Islamic Index

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Abstract The purpose of the research is to examine the effect of Return On Assets (ROA), Debt to Equity Ratio (DER), Assets Growth and Dividend Payout Ratio in a Year Before (DPRT-1) towards Dividend Payout Ratio (DPR) on Listed Companies at Jakarta Islamic Index during 2009-2014 period. This research is using annual report that collected from Indonesia Stock Exchange. The method used in this research is panel data regression analysis and the chosen models that used common effect model. The results showed a positive and significant effect of ROA and DPR in a year before to Dividend Payout Ratio. The results also showed a negative and significant effect of Asset Growth to Dividend Payout Ratio. However, the results also showed no significant effect of Debt to Equity Ratio to Dividend Payout Ratio. The most significant variable that effecting Dividend Payout Ratio is Dividend Payout Ratio a Previous Year (DPRT-1).

Key words Dividend payout ratio, return on asset, debt to equity ratio, assets growth, Jakarta Islamic Index

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1. Introduction

Along with the increasing passion of the people as well as entrepreneur and businessman in investing, the stock market in Indonesia is currently experiencing significant growth. However, the conventional capital market mechanism system containing *riba* (interest), *gharar* (uncertainty) and *maysir* (gambling) has been raised doubts among Muslims. Investment in Islamic stock index is realized with the sharia stock index is currently represented by the establishment of the Jakarta Islamic Index (JII). Companies that can be incorporated in the Jakarta Islamic Index is a company that has to meet several requirements including the company doesn't run a business that is contrary to Islamic principles and not conventional financial institutions are implementing the system of usury. The purpose of the establishment of the Jakarta Islamic Index is a venue for investors who wish to invest their funds according to the Islamic Principles without fear its mixed to conventional stock system that is *riba*.

Generally, investors are aiming to earn income in the form of dividends and the difference between the selling prices of the share purchase price (*capital gain*). Investors as shareholders expect a big gain or a minimum dividend relatively stable every year. The dividend is expected to improve the welfare of shareholders (Ritha and Koestiyanto, 2013).

Dividend policy is the entire managerial policy to determine how much net income will be paid out as dividends and how much net profit can be maintained for company. This led to a number of conflicting theories. Among the *dividend irrelevance* theory stated by Miller and Modigliani (1961) that the dividend decision doesn't affect the value of the company and don't affect the stock price of a company, in other words the actual dividend policy is irrelevant for the question. *Bird in the hand theory* stated by Gordon and Lintner (1962) that investors are more confident about the receipt and distribution of dividends rather than capital appreciation. Signaling theory which states that the dividend changes is a signal to investors about the company's future (Alzomaia and Al Khadiri, 2013).

Problems in dividend policy are having an impact that is very important because it has two opposite effects and different interests. On the one hand, companies need to fund for improvement on the capital structure and increase the number of company's growth, in addition the company also has an obligation to deliver greater prosperity to the shareholders of the company with the distribution of dividends. Optimal dividend policy is a policy that creates a balance between the current dividend and the company's growth in the future, so as to maximize the company's stock price (Margaretha, 2005: 142).

Consideration was led to complicate because the interests of the various parties be accommodated. On the one hand, there are those who tend to expect a larger dividend payments or otherwise. While management generally resist revenue to pay off debt or increase investment (Suharli, 2006). Only a profitable company that can distribute dividends to shareholders, as dividend was taken from the company's profits. But the phenomenon that occurs in companies listed on the Jakarta Islamic Index during the period (2009-2014) shows that the dividend payout ratio fluctuates did not follow the profit of the company. As happened in 2013, PT. Inducement Tunggal Prakarsa (INTP) decreasing on Return on Assets of 2.09%, but the dividend payout ratio has increased by 10.46%. This thing indicates that there are other factors influencing the company's decision in determining the amount of the dividend distribution.

Dividend policy of the company is reflected in its dividend payout ratio that also a portion of profits that had to be distributed in the form of cash dividends. Dividend payout ratio shows the proportion between dividends and retained earnings from net profit. The company's management needs to consider which factors that could affect dividend policy that has set by the company.

The main factors that affecting the dividend policy is profitability. Profitability is an important factor in determining the dividend payment company. This thing occurs because of companies are willing to pay a higher amount for the dividend if the company's profitability increase (Alzomaia and Al Khadiri, 2013). Ritha and Koestiyanto (2013) found results on their research that profitability does not significantly influence the payment of dividends. The second factor is solvency, the company's ability to meet all obligations. Basically the increase in debt will affect the company's net income available to shareholders, including received dividend, because the obligation to pay the debt takes precedence over dividend distribution (Marlina and Danica, 2009). Alzomaia and Al-Khadiri (2013) found that the solvency proxy by DER significantly has a negative effect on the dividend payout ratio. The third factor is the growth of the company which is illustrated by the growth of its assets. The company's high growth rate, resulting in the company requires substantial funds to be held in reserve for reinvestment. Thus allowing the company to pay dividends in the smaller amount or even not pay dividends. Laksono (2006) found that the growth of the company represented by asset growth that significantly negative effect on the dividend payout ratio. The fourth factor is the amount of the previous year's dividend payment. The company is likely to maintain the amount of the dividend last year or even increase the dividend when it is forecast to increase in the company's profits in the coming year. In a study conducted by Imran (2011) found that dividend a year before has a positive and significant effect on the dividend payout ratio.

A lot of research on dividend policy, but there are no general conclusions into factors that could affect the company's dividend policy and how these factors interact until now. It's difficult to conclude which is the most dominant factor influencing the dividend policy. By looking at the background of existing problems and differences in the results of previous studies, it is necessary to do further research. This research is the development of early writers about the factors that influence dividend policy. This study restricts the research on factors deemed to affect dividend payout ratio is return on assets, debt to equity ratio, asset growth and dividend payout ratio a year earlier in the listed companies on Jakarta Islamic Index during the period of 2009-2014.

2. Literature review

Ahmed and Javid (2009) conducted a study to policy makers' dividend payment of 320 non-financial companies listed on Karachi Stock Exchange during the period from 2001 to 2006 with a panel data regression. The research result supports that non-financial Pakistan companies listed rely on current earnings per share and dividend per share past to arrange the payment of dividends. However, dividends tend to be more sensitive to current earnings than the previous year's dividend. It is found that a profitable

company with high profitability able to have a greater and stable free cash flow, and therefore pay greater dividends. In addition, the growth of the company was found to have no impact on dividend payments.

Al-Kuwari (2009) conducted a study to examine the determinants of dividend policy for listed companies in the Gulf Co-operation Council (GCC) during the period 1999 to 2003. Seven hypothesis theory tobit analyzed using random effects models. The results showed the profitability of the company has a positive and significant relationship to the dividend payout ratio. This is consistent that the company usually pays a higher dividend when there is increase profitability. Leverage ratio has a negative and significant effect to the dividend payout ratio. This means that if the leverage ratio of the company increased, the ratio of dividends paid by the companies decreased.

Appannan and Sim (2011) conducted a study to analyze the determinants that influence the decision of the payment of dividends by the management company of Malaysia for the food industry under the consumer products sector during the period 2004 to 2008 with a Pearson correlation analysis and regression models. Conveniently indicates research results proved debt to equity ratio was positively correlated to the current dividend per share and influenced the company's decision when setting the dividend policy. If there is an increase in the debt to equity ratio, the company will tend to pay higher dividends to shareholders because the company obtain external funding for business and will be a surplus of internal funds for the payment of dividend. Besides dividend payments last year were also found as a determinant of the dividend payment date. These companies strive to maintain a stable dividend flow and consistently to avoid the dissatisfaction of shareholders when they compared the current dividend to earlier dividend.

Amidu and Abor (2006) conducted a study to examine the determinants of the dividend payout ratio in the company which is listed on the Ghana Stock Exchange during the period 1998 to 2003 with panel data regression. The results showed positive and significant effect on the profitability of the dividend payout ratio. Because the higher of the ability of a company to process its assets into profits, the company tends to announce the payment of a higher dividend. The profitability of the company is considered as an important factor in influencing the payment of dividends.

Alzomaia and Al-Khadiri (2013) conducted a study to examine the factors that determine the dividend on the company in the Arabian Stock Exchange during the period 2004 to 2010 with panel data regression model. The results showed that the profitability of the company and the previous dividend rate has a significant effect on the company's decision to increase or decrease the level of dividends. Positive relationship indicates that companies are willing to pay more dividends when profitability increased with consideration of the high level of last year's dividend. The company's growth is found a negative effect but not significant, indicating that companies are experiencing growth opportunities are more likely to cut dividends. Debt to equity ratio can't be proven to have a negative relationship with dividend payout ratio because the results aren't significant in this study.

Al-Shubiri (2011) conducted a study to look at the factors that are important in determining the dividend policy of industrial companies listed on the Amman Stock Exchange during the period 2005 to 2009 with tobit and logit regression analysis. The results showed that leverage has a negative and significant effect on the dividend payout ratio. He said that companies with low leverage will tend to pay more dividends. Meanwhile, companies with high leverage have difficulty to pay more dividends because its low financial performance. Profitability has a positive and significant relationship to the dividend payout ratio. This is in accordance to the *signaling theory*, in which the large corporate profits, the dividend will be given more. There is a significant positive relationship between dividend payments and potential growth. This result is contrary to the expected negative sign by the *agency theory*. This means that companies with high growth opportunities are likely to face different alternative financing and therefore pay more dividends.

Imran (2011) conducted a study to determine empirically the factors that determine the decision of the payment of dividends the company machinery sector in Pakistan listed on Karachi Stock Exchange during the period 1996 to 2008 with the common effects model (CEM) regression method, fixed effects model (FEM), and random effects model (REM). The results showed that the amount of dividend companies tend to pay attention to previous year and usually want to increase the amount of the dividend from the previous level, so that the dividend per share last year proved positive relationship with the dividend per

share this year. In the results of this study also found that companies with sales growth and higher profitability, its has enough cash to distribute cash dividends to shareholders greater.

Ritha and Koestiyanto (2013) conducted a study to look at the factors that affect the dividend payout ratio in the companies listed on the Stock Exchange during the period 2007 to 2009. The results showed leverage has a positive and significant effects on the dividend payout ratio, which indicates that the total debt greater provides the benefits of increased income for shareholders. Profitability was found to be negative and significant effect on the payment of dividends. The company's growth rate showed negative and significant effect on the payment of dividends. These results indicate that large companies with a high growth rate is not maximized in providing dividend income for shareholders, it is possible the funds available more widely to use to increase the total assets for the benefit for the company's operations.

Factors that Affecting Dividend Payout Ratio

1. Return on Assets

Profitability effect on the payment of dividends for the dividend is a portion of the net profit obtained by the company. Therefore, the dividend will be distributed if the company's gain (Refra and Widiastuti, 2014). Profitability ratios are taken as research material in the form of Return on Assets. Javid and Ahmed (2009), Shubiri (2011), Al-Kuwari (2009), Amidu and Abor (2006), found results that profitability has a positive influence on the possibility of the company paying the dividends. Al Malkawi (2008) found that profitability is a major determinant of the level of dividend payments and the possibility of the company's to pay dividends.

2. Debt to Equity Ratio

Debt to Equity Ratio is a ratio that reflects the company's ability to meet all its obligations, which is shown by some sections of their own capital which used to pay debt. Companies that have greater leverage ratio should pay smaller dividend, because the profit earned is used to pay off liabilities (Sunyoto, 2013: 85). Al-Kuwari (2009), and Alzomaia (2013) show that companies with high financial leverage tend to have a low dividend payout.

3. Asset Growth

Assets are used for operational activities of the company. The greater assets expected operating results generated by the company (Laksono, 2006). However, companies with growth rates and high investment opportunities will require a large internal fund to finance these investments, so companies tend to pay a dividend that is low or even no paid (Al Malkawi, *et. al*, 2013). Fama and French (2001) assert that investment opportunities affect dividend payout decision. They found that companies with better growth and investment opportunities have a lower dividend payment. Thus, the growth and investment opportunities of the company has a negative relationship to the dividend payments, in line with the results by Amidu and Abor (2006), and Alzomaia (2013), Ritha and Koestiyanto (2013).

4. Dividend Payout Ratio a Year Before

Dividend is the value of the company's net income after tax less retained earnings as a reserve for the company. Generally, the magnitude of the current dividend is based on the amount of dividends years ago. Al Khadiri (2013), Appannan and Sim (2011), showed a significant and positive correlation between the previous year's dividend by the current dividend payout. Because companies are trying to maintain or even increase the dividend payout ratio from the previous levels. The higher the dividend payout in previous year, then the steeper the amount of dividends received by shareholders of the current year (Ramli and Arfan, 2011).

3. Methodology of research

3.1. Population and Sample

The population in this study is the companies whose shares are registered in the Jakarta Islamic Index (JII) during the study period are 2009 to 2014 (30 companies). The sample in this study was selected using purposive sampling method. This method of selecting a sample based on an assessment of several criteria for samples that are designed to the purpose of the research, such as:

1. Companies are still listed in the Jakarta Islamic Index (JII) during the study period is 2009 through 2014.
2. The company has completed data required, namely the annual financial statements for the period December 31, 2009 through 2014.
3. Companies that consistently pay dividends during the study period.

3.2. Data collection method

Methods of data collection for the purposes of this study conducted with the documentation technique. Documentation is collecting all data related to the research. Researchers obtain research data from many sources, such as:

1. Secondary Data

Secondary data used in this study include data on annual financial statements of companies listed in the Jakarta Islamic Index (JII) during the study period is 2009 through 2014 were obtained from the official website of Indonesia Stock Exchange (IDX) www.idx.co.id, and Indonesia Capital Market Directory (ICMD).

2. Library Research

In this case, the authors read and study and analyze literature sourced from books, journals, research reports, theses, articles and other devices related to the problem under study.

3.3. Data analysis methods

This study uses panel data regression. Data panel which is data that is a combination of time series with cross section data will use in this research. The authors use the software Microsoft Excel and Eviews 8.1 for processing data research.

Panel Regression on this study is:

$$DPR_{it} = \alpha + \beta_1 ROA_{it} + \beta_2 DER_{it} + \beta_3 AG_{it} + \beta_4 DPR_{t-1} + \varepsilon_{it} \quad (1)$$

Where:

Y : Dividend Payout Ratio

α : Constanta

$\beta_1 - \beta_4$: Regression coefficients for independent variables

ROA : Return on Asset

DER : Debt to Equity Ratio

AG : Assets Growth

DPR_{t-1} : Dividend Payout Ratio in a previous year

ε : Standard of Error

The analysis phase begins with the classical assumption test. Then continue to the selection panel data regression through the chow and Hausman test. After having obtained the model chosen, see how much influence the independent on the dependent variable through statistical F-Test and t-test, as well as testing the coefficient to determine how far the ability of the model to explain variations in the dependent variable.

4. Results and discussions

Population-based on the listed companies on Jakarta Islamic Index for the period 2009-2014, samples were obtained from 10 companies that have met the criteria that determined the author.

Classic Assumption Test

Normality Test

Normaliy test of data is tested by a Jarque Bera test. Jarque Bera test is a test that comparing the value of Jarque Bera (obtained from the histogram normality test) with Chi Square value table. If the Jarque Bera value > chi square table, then H_0 is rejected and H_a accepted, which means the data were not

normally distributed, but if the value of Jarque Bera value < chi square table, then H_0 is accepted and H_a rejected, which means that the data were normally distributed.

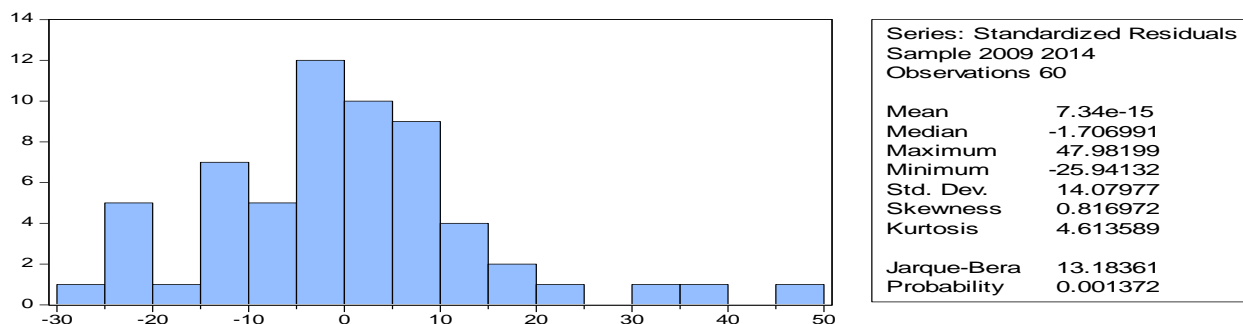


Figure 1. Normality Test Result

From the figure 1, shows the Jarque Bera value is 13.18361, while the value of Chi Square by see the number of independent variables used are 4 variables and significance value is set by 0.05 or 5%, *Chi Square table* is 9.48773, which means the value of Jarque Bera value > Chi Square table, then H_0 is rejected and H_a accepted, which means that the data in this study were not normally distributed. Because of the normality test results indicates that the research data is not distributed normally, then all the data variables in this study transformed into LOG data to obtain better results. Here is a histogram of test results of normality after all variable data in this study were transformed into LOG:

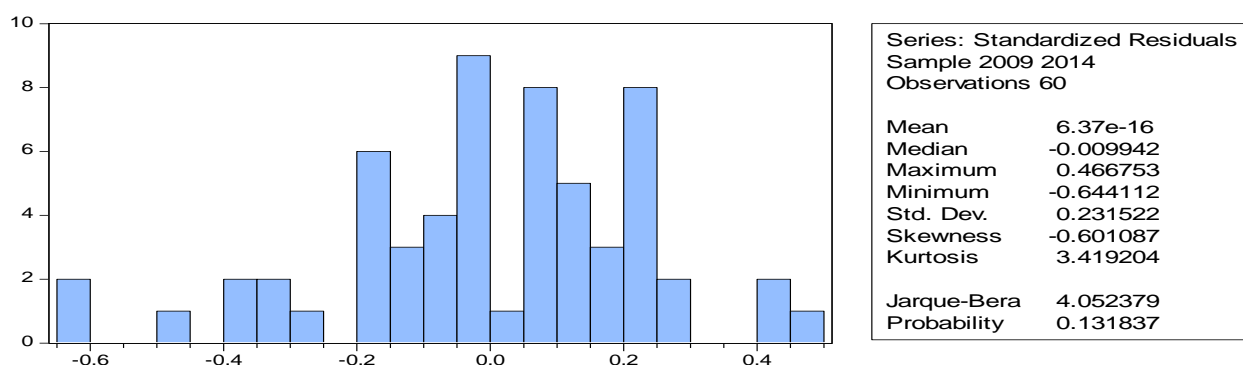


Figure 2. Normality Test Result (After Transformed into LOG)

From the figure 2 shows the Jarque Bera value of 4.052379, while the value of Chi Square by see the number of independent variables used are 4 variables and the significance value is set by 0.05 or 5%, *Chi Square table* is 9.48773, which means the Jarque Bera value < Chi Square table, then H_0 accepted and H_a rejected, which means that the data in this study are normally distributed.

Here's a panel data regression model to be used in this study after all the data in LOG:

$$\text{LOG DPR}_{it} = \alpha + \beta_1 \text{LOGROA}_{it} + \beta_2 \text{LOGDER}_{it} + \beta_3 \text{LOGAG}_{it} + \beta_4 \text{LOGDPR}_{t-1it} + \epsilon_{it}$$

Autocorrelation Test

Autocorrelation can be seen from the Durbin-Watson (DW). The output shows DW value of the regression equation is 1.985809. Based on the Durbin Watson table with $n = 60$ and $k = 4$, then $dL = 1.4443$, and $dU = 1.7274$. By looking at the table DW, as the DW value can be seen in this panel regression models included are in the no autocorrelation area. It can be concluded that the data in this study are not in autocorrelation problem.

Multicollinearity Test

To detect the presence of multicollinearity through the coefficient correlation value at each independent variable through correlation matrix test. If the coefficient correlation for each independent variable is greater than 0.8, then there is multicollinearity problem. If the correlation value ($r \leq 0.80$), then H_0 accepted and H_a rejected, which means that there is no multicollinearity problem, but if the value of correlation ($r > 0.80$), then H_0 is rejected and H_a accepted, meaning that there is a problem multicollinearity.

Table 1. Multicollinearity Test Result

| | LOG ROA | LOG DER | LOG Asset Growth | LOG DPR t-1 |
|------------------|----------|-----------|------------------|-------------|
| LOG ROA | 1.000000 | 0.013452 | 0.140366 | 0.236033 |
| LOG DER | 0.013452 | 1.000000 | -0.088147 | 0.502370 |
| LOG Asset Growth | 0.140366 | -0.088147 | 1.000000 | -0.178483 |
| LOG DPR t-1 | 0.236033 | 0.502370 | -0.178483 | 1.000000 |

From the table 1 can be seen the correlation coefficient between independent variables below 0.80, thus the data in this study there was no multicollinearity problem.

Heteroscedasticity Test

Glejser test was conducted to test whether the regression model occurred inequality residual variance from one observation to another observation, by regressing between independent variables with residual absolute value. If the probability value $\leq \alpha$ (0.05), then H_0 is rejected and H_a accepted, that means there is a problem of heteroscedasticity, but if the probability $> \alpha$ (0.05), then H_0 accepted and H_a rejected, which means that there is no heteroscedasticity problem.

Table 2. Heteroscedasticity Test Result

| Dependent Variable: RESABS | | | | |
|---|-------------|------------|-------------|--------|
| Method: Panel Least Squares | | | | |
| Sample: 2009 2014 | | | | |
| Periods included: 6 | | | | |
| Cross-sections included: 10 | | | | |
| Total panel (balanced) observations: 60 | | | | |
| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
| C | 0.449712 | 0.187953 | 2.392691 | 0.0202 |
| LOGX1 | 0.019737 | 0.048621 | 0.405942 | 0.6864 |
| LOGX2 | -0.043620 | 0.031831 | -1.370363 | 0.1761 |
| LOGX3 | -0.017108 | 0.020201 | -0.846880 | 0.4007 |
| LOGX4 | -0.029995 | 0.042392 | -0.707558 | 0.4822 |

From the table 2 output, it can be seen that the probability of the independent variable is not significant (above 0.05) so that the data in this study was not heteroscedasticity.

Selection of Panel Data Regression Model

Chow test is a test to select whether the model using common effect or fixed effect models by viewing probability F-value. If the F Probability value ≥ 0.05 means that H_0 accepted and H_a rejected, which means the most appropriate model to be used is the common effect model. Whereas, if the value of F Probability < 0.05 . It means H_0 is rejected and H_a accepted, which means the most appropriate model used is the fixed effect model.

The table 3 output shows the value of Prob. = 0.9221 for Cross section F, F probability value (0.9221) ≥ 0.05 , then H_0 accepted and H_a rejected, which means the most appropriate model used is the common effect model.

Table 3. Chow Test Result

| | | | |
|----------------------------------|-----------|--------|--------|
| Redundant Fixed Effects Tests | | | |
| Equation: Untitled | | | |
| Test cross-section fixed effects | | | |
| Effects Test | Statistic | d.f. | Prob. |
| Cross-section F | 0.412194 | (9,46) | 0.9221 |
| Cross-section Chi-square | 4.653576 | 9 | 0.8634 |

Table 4. Common Effect Model Estimation Result

| | | | | |
|---|-------------|-----------------------|-------------|----------|
| Dependent Variable: LOGY | | | | |
| Method: Panel Least Squares | | | | |
| Sample: 2009 2014 | | | | |
| Periods included: 6 | | | | |
| Cross-sections included: 10 | | | | |
| Total panel (balanced) observations: 60 | | | | |
| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
| C | 1.500349 | 0.316144 | 4.745775 | 0.0000 |
| LOGX1 | 0.317229 | 0.081782 | 3.878946 | 0.0003 |
| LOGX2 | 0.087224 | 0.053541 | 1.629104 | 0.1090 |
| LOGX3 | -0.218273 | 0.033980 | -6.423639 | 0.0000 |
| LOGX4 | 0.437055 | 0.071305 | 6.129360 | 0.0000 |
| R-squared | 0.747156 | Mean dependent var | | 3.885259 |
| Adjusted R-squared | 0.728767 | S.D. dependent var | | 0.460432 |
| S.E. of regression | 0.239793 | Akaike info criterion | | 0.061577 |
| Sum squared resid | 3.162547 | Schwarz criterion | | 0.236106 |
| Log likelihood | 3.152695 | Hannan-Quinn criter. | | 0.129845 |
| F-statistic | 40.63130 | Durbin-Watson stat | | 1.985809 |
| Prob(F-statistic) | 0.000000 | | | |

After the model selection is done, panel regression model was showing as:

$$\text{LOGDPR} = 1.500349 + 0.317229 \cdot \text{LOGROA} + 0.087224 \cdot \text{LOGDER} - 0.218273 \cdot \text{LOGAsset Growth} + 0.437055 \cdot \text{LOGDPR}_{t-1} \quad (2)$$

Signification Test

Coefficient of Determination Test Result

Output results in Table 2 shows the value of adjusted R² in the regression model is 0.728767. It means that the ability of independent variables (ROA, DER, Asset Growth and DPR a previous year) in explaining the dependent variable (DPR) of companies listed in the Jakarta Islamic Index for 2009-2014 value is 72.88% , while the rest of 22,12% described other variables that not included in this study.

F-test Results (Simultaneous)

From the results in Table 2 obtained output calculated F-value of 40.63130, while F-table obtained by the following calculation:

$$F \text{ table} = | \alpha ; df = (k-1), (n-k) | = 5\% ; df = (5-1), (60-5) = 2.539689$$

It can be seen that F-table is 2.539689, which means that the value of F-value > F-table, then Ho is rejected and Ha accepted. The results show that independent variables (ROA, DER, Asset Growth and DPR a previous year) simultaneously affect the dependent variable that is Dividend Payout Ratio on companies listed in the Jakarta Islamic Index 2009-2014.

t-test Results (Partial)

Using the Table t-test with significance $\alpha = 0.05$, obtained t table with the following calculation:

t tabel = | α ; df = (n-k) | = 5% ; df = (60-5) = 0.05 ; df = 55 = 2.004045

Here is the t-test value of each independent variable on the dependent variable:

1. T-test of Return on Assets (ROA) to Dividend Payout Ratio (DPR)

T-value in the ROA is 3.878946, which means that the t-value (3.878946) > t-table (2.004045). It can be concluded that the Return on Assets partially has a positive and significant effects to Dividend Payout Ratio. A positive sign in the coefficient regression indicates that if the ROA of company increases, the amount of Dividend Payout Ratio will also increase. The results are consistent with the research conducted by Shubiri (2011), Amidu and Abor (2006), Imran (2011), Al-Kuwari (2009), which indicates that firms with high profitability are willing to pay the high amount of the dividend, therefore the profitability impact positively to the dividend policy. This shows the company is always trying to improve the image of the company's through dividend payments. The company uses the distribution of dividend as a signal to investors that the company's management expects improved earnings in the future or to illustrate that the company's in good condition (Weston and Brigham, 2001: 203).

2. T-test of Debt to Equity Ratio (DER) to Dividend Payout Ratio (DPR)

T-value in the DER is 1.629104, which means that the t-value (1.629104) < t-table (2.004045). It can be concluded that the Debt to Equity Ratio partially has no significant effect to Dividend Payout Ratio. It can be said that the increased of DER will not affect the company's ability to pay dividends to shareholders. Increasing the ratio of debt a company means there will decimate revenue to be received by shareholders. This can happen maybe because of the company's obligation to repay existing debts are not financed from the company's profit, but financed from external sources that shareholder capital. The goal for the new profits generated can be used to pay dividends to shareholders. The results of studies showing that DER doesn't affect the dividend payout ratio in the listed companies on Jakarta Islamic Index also occurred in an earlier study conducted by Indriani (2014) with a research period 2008-2012. This indicates that the company's research data objects that listed in the Jakarta Islamic Index which may have influenced the DER variable doesn't affect the Dividend Payout Ratio in this study.

3. T-Test of Assets Growth to Dividend Payout Ratio (DPR)

T-value in the Assets Growth is -6.423639, which means that the t-value (6.423639) > t-table (2.004045). It can be concluded that the Asset Growth partially has a negative and significant effect on the Dividend Payout Ratio. A negative sign in the coefficient regression indicates that if the Assets Growth of company increases, the amount of Dividend Payout Ratio will decline. The company's high growth rate resulting amount of funding needs to be detained companies. To meet the needs of the fund, then the companies hold back profits and not pay it out as dividends. The company's expects high growth assets generally maintained a low dividend payout ratio to strengthen the company's internal financing. The negative sign in this study indicates that companies with a high growth prefer to invest the company's profits in order to get profit and better performance of the overall asset growth. The results are consistent with the research conducted by Amidu and Abor (2006), and Al-Khadiri Alzomaia (2013), Ritha and Koestiyanto (2013).

4. T-Test of DPR in previous year to Dividend Payout Ratio (DPR)

T-value in the DPRt-1 is 6.129360, which means that the t-value (6.129360) > t-table (2.004045). It can be concluded that Dividend Payout Ratio in a previous year has a positive and significant effect to the Dividend Payout Ratio. A positive sign in the coefficient regression indicates that if the DPRt-1 of company increases, then the amount of current dividend payout ratio will also increase. The amount of dividend payments the previous year has a positive influence on the payment of current dividend, because the company usually reluctant to reduce the amount of dividend of the amount of the dividend that paid last year. Companies usually avoid the dissatisfaction of shareholders when they compared the current dividend paid to the dividend paid last year. So the company will not increase dividend payments are too large but is forecast to increase in profits in the future. The results are consistent with study conducted by Imran (2011), Al-Khadhiri and Alzomaia (2013), Appannan and Sim (2011) which found that DPR t-1 has a positive and significant impact on the payment of dividends.

5. Conclusions

This research conducting many conclusion first the ROA, asset growth, and the Dividend Payout Ratio in a previous year significantly influence the Dividend Payout Ratio. While the DER variable has no significant effect on the Dividend Payout Ratio. ROA and Dividend Payout Ratio a previous year resulted in a positive relationship to Dividend Payout Ratio. While the DER variable and asset growth resulted in a negative relationship to Dividend Payout Ratio. From the research, it was found the variables that most influence on the dividend payout ratio is DPRt-1 with a regression coefficient of 0.437055, which indicates that each additional of 1 factor of DPRt-1, then the amount of Dividend Payout Ratio would increase by 0.437055 assuming that the other independent variable is fixed.

The results of DER variable in this study has no significant effect on Dividend Payout Ratio on listed companies in Jakarta Islamic Index in the period of 2009-2014. These results indicate that the increased of DER will not affect the company's ability to pay dividends to shareholders. Its indicate that an increase of the debt ratio means that the company will not reduce revenue to be received by shareholders.

The coefficient determination of adjusted R^2 results in the regression model is 0.728767. This suggests that the ability of independent variables are ROA, DER, Asset Growth and Dividend Payout Ratio in a previous year in explaining the dependent variable is the Dividend Payout Ratio amounted to 72.88%. From the study, it can be said that the company will pay more dividends when corporate profits rise and growth of the company is stable, meaning that when the company gained huge profits, while the need for funds to finance asset growth is low, then the company can increase dividend payments to shareholders. In this study, showed a positive ROA, while Asset Growth showed a negative relationship to the dividend payout ratio. In addition, the amount of dividend payments the previous year proved to have the greatest influence and positive impact on the amount of current dividend payments, which means that companies are reluctant to lower the amount of dividend payments from the previous year because it will give a negative impression to the company's shareholders.

Implications

1. Investors who expecting the returns in the form of dividends, need to pay attention to the amount of the previous year's dividend payment. Because the dividend a year earlier in the results of this study is the most profound and have a positive effect on the size of the Dividend Payout Ratio. Investors can compare the value of dividends annually as the big picture dividends to be received.

2. There is also ROA variable that has a positive and significant impact to Dividend Payout Ratio. Therefore, the need to utilize the asset management company owned optimally to get a huge profit returns, so that the company's ability to pay dividends to the shareholders are increasing.

3. Assets growth Variables resulted in a negative and significant impact to the Dividend Payout Ratio, which indicates that the management company is also considering the growth of the company's assets in determining dividend policy.

4. Management of the company needs to pay attention to return on assets and assets growth in establishing the company's dividend payment policy. When the management decided to boost the growth of the company's assets, it will reduce the ability of companies in the payment of dividends, as companies tend to hold back profits to be used as a fund to boost growth. In addition, companies also have to utilize their assets optimally so that the profits produced by the company will also increase.

Suggestions

1. The next studies should consider and add other factors such as taking external factors related to macroeconomic conditions.

2. It is expected to expand the research to extend the observation period and multiplying the number of samples of the company.

3. The next studies should categorize based business sectors. Due to the fact every sector has different considerations that are used as a reference in determining the dividend payment policy.

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