
Dividend Behavior and Implications on Stock Return Issuer in Indonesia during 2012 – 2015 Periods**Bambang Mulyana***, Ahmad Badawi Saluy
Postgraduate Program, Universitas Mercu Buana, Indonesia***Corresponding author**
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Abstract: This study is to examine and analyze the influence of internal factor and external factor on dividend payout ratio and the impact on stock return. The internal factor in this study consists of liquidity (current ratio), solvability (debt to assets ratio), profitability (return on equity), activity (total assets turnover) and firm size, while external factor consists of GDP growth rate. The population of this research is all companies listed on The Indonesian Stock Exchange during 2012 until 2015. From a population of 521 companies, with purposive sampling as samples determining methods, 43 companies meet the criteria to be the sample. The result shows that debt to assets ratio, return on equity, and firm size have significant influence on dividend payout ratio, while the other variables have insignificant influence. It also shows that debt to assets ratio, return on equity, firm size, and GDP growth rate have significant influence on stock return, while the other variables have insignificant influence. The result of this study also shows that dividend payout ratio have insignificant influence on stock return.

Keywords: Current Ratio, Debt To Assets Ratio, Return on Equity, Total Assets Turnover, Firm Size, GDP Growth Rate, Dividend Payout Ratio and Stock Return.

INTRODUCTION

Investments are an investment of one or more assets, either short-term or long-term, in order to make a profit in the future, as compensation for the delay in consumption, the impact of inflation and the risk had.

Investment decisions can be taken by an individual or a corporation, either in the form of a physical asset (real asset) or a financial asset. Capital markets mean places to invest in financial assets. The capital markets provide those who have a surplus of funds to invest in securities and facilitate those who need financing to raise funds. Stocks are one of the alternative instruments in financial assets other than bonds. The benefits that can be gained by investing in stocks are capital gains and dividends. Capital gain is an advantage when investors buy stocks at lower prices then sell them at higher prices, or it is called low sell high or buy high sell higher. While dividends are the value of the company's net income after tax minus retained earnings or profits used as reserves of the company.

Certainly, investors expect that the stock price at which the funds are invested will continue to rise so that it will provide an optimal return. In this case, a classic question arises, how does the stock price form or what influences the price fluctuation? According to Fama [1] on an efficient market, stock prices reflect all available information, both past and present, and insider information. According to Alwi [2], factors that affect stock return consist of internal and external factors. Internal factors include the announcement of financial statements, funding, and investment. Meanwhile, external factors include changes in interest rates, inflation, and exchange rate fluctuations.

Research conducted by Şebnem Er and Vuran [3] found that firm size, activity and profitability have a significant positive effect on stock return, as well as macroeconomic variables such as economic growth and exchange rate. On the contrary, world oil price and interest rate are influenced negatively. Hunjra *et al.*, [4] found that dividend policy and payout ratio policy had a significant effect on stock price, dividend payout ratio was positive, while profitability and measured by return on equity had positive but those were not significant effect. Malik *et al.*, [5] in his research found that profitability, liquidity, earnings per share, and company scale had a positive effect on dividend payout ratio, while leverage and sales growth had negative effect on dividend payout ratio. Research by Kajola *et al.*, [6] found that profitability, firm scales, leverage, and dividend stability had a significant positive effect on the dividend payout ratio policy. Research by Kaźmierska and Józwiak [7] found that profitability and leverage had a significant negative effect on dividend payout ratio, while firm size and price earning ratio had positive but those were not significant effect.

The graph below illustrates the behavior of dividend payout ratio of ten issuers in the Indonesia Stock Exchange from 2012 to 2015

2012 = 35,70 2013 = 44,85 2014 = 37,17 2015 = 44,25

Graph-1 The behavior of stock returns of ten issuers in the Indonesia Stock Exchange. From the behavior dividend payout ratio of the ten issuers above, it needs to know the cause of the behavior.

By comparing some researches, there are some differences results obtained. Given the differences in the results of some of these studies added by the phenomenon of stock price growth on the Indonesia Stock Exchange amid conditions of gross domestic product growth rate that has been declining in recent years, the problem of factors affecting the stock return is interesting to research.

LITERATURE REVIEW

The concept of efficient market hypothesis was first proposed and popularized by Fama in 1970. In that theory, Fama posted that the stock price formed in the market is a reflection of all existing information, both fundamental and insider information. In this context, the market is the capital and money market. It means that efficient can be defined if no one, individual investor or institutional investor, will be able to earn an abnormal return after adjusting for risk, using existing trading strategies. It means the prices formed in the market are a reflection of available information (stock prices reflect all available information). Efficient market hypothesis forms can be classified into three namely:

(1) The weak form of the efficient market hypothesis.

In this hypothesis, the stock price is assumed to reflect all information contained in the past history of the price of the firm's securities meaning that the price formed on the shares of a company is a mirror of the movement of stock prices in the past concerned.

(2) Semistrong form of the efficient market hypothesis).

According to semistrongform of the efficient market hypothesis, the price reflects all relevant public information, in addition to reflecting historical stock prices, the price created also occurs due to the information available on the market, including the financial statements and additional or complementary information as required by accounting rules. Available information in the public may also be in the form of other financial regulations such as taxes or interest rates and / or beta shares including company ratings.

(3) Strong form of the efficient market hypothesis

This hypothesis revealed that the rising price reflects all existing information, both public information and private information. Thus, in this case, the strong form includes all relevant historical information as well as relevant publicly available information, information known only to a few parties such as company management, board of directors, and creditors.

Unlike Fama, which divides the efficient market type into three based on the existing data power, West [8] divides the efficient market into two types:

(1) Operationally or internally efficient market

The market is efficient when investors are subjected to transaction services as cheaply as possible with regard to costs for the occurrence of a transaction. Examples of transaction costs in the stock market or money market are brokerage commission fees, execution fees, other costs, and opportunity costs.

(2) Price or externally efficient market

The meaning of an externally efficient market is a condition when the price at all actual times reflects the available information. The available information is relevant information for use in securities valuation. Relevant information is information immediately reflected on the price of such securities.

METHODS

This study uses a causal associative design that is intended to know and analyze the influence of one or more variables on other variables or how a variable affects other variables. The variables in this study consist of independent variables namely current ratio (X_1), debt to assets ratio (X_2), return on equity (X_3), total assets turnover (X_4), firm size (X_5) and GDP growth rate (X_6). Meanwhile, the dependent variable is stock return (Y) and the intermediate variable is dividend payout ratio (Z). Measurement of independent variable, dependent variable and intermediary variable is as following table:

Table-1: The measurement of research variables

Variables	Indicators	Scale	Measurement	
Current Ratio	CR	Ratio	CR =	$\frac{\text{Current Liabilities}}{\text{Current Assets}}$
Debt to Assets Ratio	DAR	Ratio	DAR =	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Return On Equity	ROE	Ratio	ROE =	$\frac{\text{Earning After Tax}}{\text{Total Equity}}$
Total Assets Turnover	TATO	Ratio	TATO =	$\frac{\text{Net Sales}}{\text{Total Assets}}$
Firm Size	Size	Ratio	Size =	Ln (Total Assets)
GDP Growth	GDP	Ratio	GDP =	$\frac{\text{GDP (t) - GDP (t-1)}}{\text{GDP (t-1)}}$
Dividend Payout Ratio	DPR	Ratio	DPR =	$\frac{\text{Dividend Per Share}}{\text{Earning Per Share}}$
Return stocks	Return	Ratio	Return =	$\frac{(P_t - P_{t-1}) + D_t}{(P_{t-1})}$

The populations are all companies listed on the Indonesia Stock Exchange (BEI) during the year 2012 - 2015 as many as 521 companies. Determination of the number of samples is determined using purposive sampling approach by applying several criteria as follows:

- Listed on the Indonesia Stock Exchange during the study period.
- Not included in the financial sector industry group.
- Record profit and distribute cash dividends during the study period.

Based on the criteria, the number of samples is 43 companies. The data used in this study are secondary data, quantitative, time sequence, and cross section or often known as pooled data. Data collection method used is the desk research meaning that technique of data collection is not directly addressed to the subject of research in order to obtain information related to the object of research. Data analysis method used in this research is path analysis because there is intervening variable.

In this study, the classical assumption is calculated to regression model, consisting of normality test, multi-collinearity test, hetero-scedasticity test and autocorrelation test. To know whether there is or no influence of independent variables on the dependent variable, it is done t-test, F test, and coefficient of determination analysis (R^2).

RESULTS AND DISCUSSION

Statistical Descriptive

Results of statistical descriptive data processing are presented in the following table:

Table-2: Statistical descriptive

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Return	172	-0.6148	2.2608	0.162409	0.4584182
DPR	172	0.0403	4.5366	0.457315	0.4260219
CR	172	0.5805	7.7265	2.071959	1.169439
DAR	172	0.1300	0.8700	0.459848	0.1793726
ROE	172	0.0015	1.4353	0.251718	0.2497290
TATO	172	0.1724	6.1780	1.301716	0.9138061
SIZE	172	25.4644	33.1341	29.483497	1.6016834
GDP	172	0.0479	0.0623	0.054550	0.0057998
Valid N (listwise)	172				

Source: The results of data processing (2016)

Based on the statistical descriptive table above, it can be displayed the minimum, maximum, mean, and standard deviation of all research variables are as follows:

- The minimum stock return value of -0.6148 is at PT Tambang Batubara Bukit Asam, in 2015 while the maximum value of 2.2608 is achieved by PT Total Bangun Persada in 2012. The mean value of 0.162409 indicates that the return value of the company's stock which is the object of research is generally located at below the average number. Meanwhile, the standard deviation of 0.4584182 can be interpreted diversely.

- The minimum value of the House of Representatives amounting to 0.0403 is at PT Tjiwi Kimia in 2013, while the maximum value of 4,5366 is achieved by PT Matahari Putra Prima in 2012. The mean value of 0.457315 indicates that the dividend payout ratio of firms under research is generally below the average . Meanwhile, the standard deviation of 0.4260219 can be interpreted relative homogeneously.
- The minimum CR value of 0.5805 is achieved by PT Multi Bintang Indonesia in 2012, while the maximum value of 7.7265 is achieved by PT mandom Indonesia in 2012. A mean value of 2.07196 indicates that the CR value of the firms under study is below the average. Meanwhile, the standard deviation of 1.169439 can be interpreted diversely data.
- The minimum value of DAR of 0.130 occurs in 2012 achieved by PT Mandom Indonesia, while the maximum value of 0.87 is in 2012 achieved by PT FKS Multi Agro. The mean value of 0.459848 indicates that the DAR values of the firms under study are generally below the average. The value of standard deviation of 0.1793726 can be interpreted very diverse data.
- The ROE variable has a minimum value of 0.0015 achieved by PT Tjiwi Kimia in 2015, while the maximum value of 1.4353 is achieved by PT Multi Bintang Indonesia in 2014. The mean value of 0.251718 indicates that the ROE values of the firms under study are generally below the average, while the standard deviation of 0.2497290 can be interpreted as relatively homogeneous.
- The TATO variable has a minimum value of 0.1724 achieved by PT Bumi Serpong Damai in 2015, while a maximum value of 6.1780 is achieved by PT FKS Multi Agro in 2014. The mean value of 1 .3017 shows the TATO values of the firms studied are generally below the average , while the standard deviation 0.9138061 can be interpreted quite diverse.
- The Firm Size variable has a minimum value of 25.46 achieved by PT Ekadharna International in 2013, while a maximum value of 33.13 is achieved by PT Astra International by 2015. A mean value of 29.48 indicates that the firm size of firms under study is generally below the average value, while the standard deviation of 1.6016834 can be interpreted very diverse.
- The minimum growth rate of GDP of 0.0479 occurs in 2015, while the maximum value of 0.0623 occurs in 2012. The mean value of 0.0546 indicates that during 2012 to 2015 GDP growth is above average.

Classic assumption test

Normality test

In this study, normality test used is to see from the normal graph probability plot by comparing the cumulative distribution of the real data to the cumulative distribution of the normal distribution. The result of data processing using SPSS program produces probability plot graph as follows:

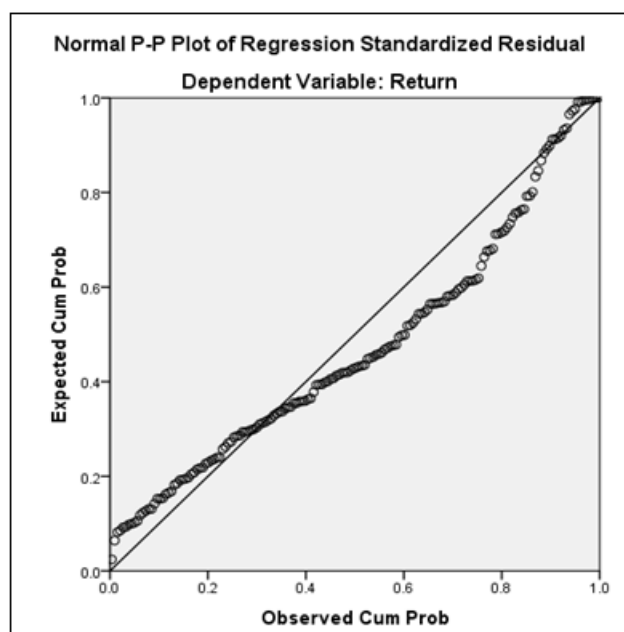


Fig-1: Graph of probability plot

Based on these graph above, the research is normally distributed because the data or spots spread around the diagonal line and follow the direction of the diagonal line.

Multi-collinearity Test

The result of Multi-collinearity Test data processing is according to the following table:

Table-3: Multi-collinearity Test (Coefficients^a)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	Constant	-.118	.735		-.161	.872		
	CR	.032	.031	.090	1.020	.309	.629	1.591
	DAR	.574	.236	.225	2.431	.016	.569	1.756
	ROE	.283	.137	.154	2.070	.040	.878	1.139
	TATO	-.044	.039	-.087	-1.112	.268	.784	1.275
	SIZE	-.048	.021	-.169	-2.290	.023	.892	1.121
	GDP	24.863	5.587	.315	4.450	.000	.972	1.028
	DPR	.015	.078	.014	.193	.847	.919	1.089

Dependent Variable: Return

Source: The results of data processing (2016)

Based on the table, the variable tolerance value is entirely above 0.1 and the VIF value is less than 10.0 so it can be interpreted that there is no multi-collinearity among independent variables in the regression model.

Autocorrelation Test

The result of Autocorrelation Test data processing is according to the following table:

Table-4: Autocorrelation Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.451 ^a	.203	.169	.4158215	2.103
a. Predictors: (Constant), DPR, CR, GDP, SIZE, ROE, TATO, DAR					
b. Dependent Variable: Return					

Source: The results of data processing (2016)

$$DU (1,8232) < DW (2,103) < (4-1,8232) \\ 1,8232 < 2,103 < 2,1768$$

The results of the autocorrelation test show DW value is 2.103 from the calculation results with the formula $du < dw < 4-du$, where the value of du based on the table is 1.849; then if we enter $DU (1,8232) < DW (2,103) < (4-1,8232)$, it can be interpreted that there is no negative or positive autocorrelation.

Hetero-scedasticity Test

Results of data processing Hetero-cedasticity test is as follows picture:

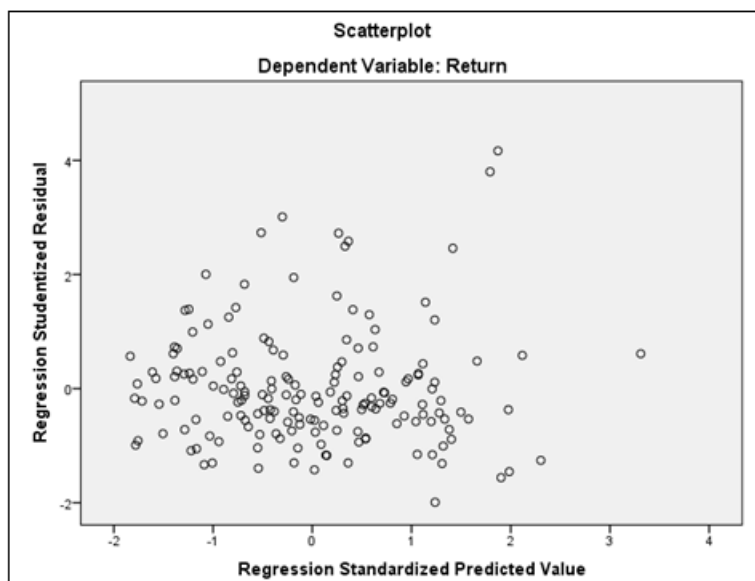


Fig-2: Hetero-cedasticity Test

The result of hetero-scedasticity test in Figure-2 shows that the dots spread randomly and spread either above or below number 0 on y axis. It can be interpreted that there is no hetero-scedasticity on regression model.

Hypothesis test

To know the effect of independent variable to dependent variable, it is used t test, F Test and Coefficient of Determination R2 Test.

T Test for equation 1

Structure 1:

$$Z = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \epsilon_1$$

The result of t test data processing for equation 1 is according to Table 5 as follows:

Table-5: T test

Model	Unstandardized Coefficient		Standardized Coefficient (beta)	t count	sig
	B	Std. Error			
Constant	-1,020	0,727		-1,403	0,163
CR	-0,025	0,031	-0,076	-0,804	0,422
DAR	-0,491	0,232	-0,207	-2,118	0,036
ROE	0,302	0,134	0,177	2,255	0,025
TATO	0,033	0,039	0,070	0,833	0,406
FS	0,042	0,021	0,158	2,027	0,044
GDP	7,249	5,529	0,099	1,311	0,192

Source: The results of data processing (2016)

From the table above, the equation is formulated is as follow:

$$DPR = -1,020 - 0,025CR - 0,491DAR + 0,302ROE + 0,033TATO + 0,242 FS + 7,249GDP + e_1$$

The regression equation shows that:

- Current Ratio has no significant negative effect to Dividend Payout Ratio.
- Debt to Assets Ratio has significant negative effect to Dividend Payout Ratio.
- Return on Equity has a significant positive effect on Dividend Payout Ratio
- Total Assets Turn Over has no significant positive effect on Dividend Payout.
- Firm Size has a significant positive effect on Dividend Payout Ratio
- GDP Growth Rate has no significant positive effect on Dividend Payout Ratio.

The value of e is calculated by the formula below:

$$\begin{aligned} \text{Formula: } e &= \sqrt{1 - R^2} \\ e_1 &= \sqrt{1 - 0,081} \\ e_1 &= 0,959 \end{aligned}$$

Equation 1 above can be interpreted as follows:

- The constant coefficient of -1.020 means that if the independent variable is zero then the value of Dividend Payout Ratio is -1.020.
- Current Ratio coefficient of -, 025 can be interpreted Current Ratio affect Dividend Payout Ratio equals to -0,025 if other variables are constant. If Current Ratio is down by 1 unit, Dividend Payout Ratio will increase by 0,025 unit.
- Debt to Assets Ratio coefficient of -0.491 can be interpreted Debt to Assets Ratio affects Dividend Payout Ratio of - 0.49 if other variables are constant. If Debt to Assets Ratio is decreased by 1 unit, Dividend Payout Ratio will increase by 0, 49 units.
- Return on Equity Coefficient is 0.302. It can be interpreted Return on Equity affects Dividend Payout Ratio that equals to 0,302 if other variables are constant. If Return on Equity increase 1 unit, Dividend Payout Ratio will increase by 0,302 unit.
- Coefficient of Total Assets Turn Over of 0.033 can be interpreted Total Assets Turn Over affects Dividend Payout Ratio of 0.033 if other variables are constant. If Total Assets Turn Over increases by 1 unit, Dividend Payout Ratio will increase by 0,033 units.
- Firm Size coefficient of 0.042 can be interpreted Firm Size affects Dividend Payout Ratio that equals to 0,042 if other variables are constant. If Firm Size increases by 1 unit, Dividend Payout Ratio will increase by 0,042 unit.
- Growth Rate Growth Rate GDP of 7,249 can be interpreted Growth Rate Growth affect Dividend Payout Ratio equal to 7,249 then if other variable remain, if Growth Rate Growth increase by 1 unit, Dividend Payout Ratio will increase by 7,249 unit.

Model eligibility

The result of data processing of F test for equation 1 is according to the following table:

Table-6: F test

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	2.527	6	.421	2.438	.028 ^b
	Residual	28.508	165	.173		
	Total	31.036	171			
a. Dependent Variable: DPR						
b. Predictors: (Constant), PDB, DAR, SIZE, ROE, TATO, CR						
c. F table is 2,267						

Source: The results of data processing (2016)

The test results indicate that the model is eligible for use in this research. The results of data processing Coefficient Determination test (R²) for equation 1 is as the following table below:

Table-7: Coefficient Determination test R²

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.285 ^a	.081	.048	.4156660
a. Predictors: (Constant), GDP, DAR, SIZE, ROE, TATO, CR				
b. Dependent Variable: DPR				

Source: Research Data Processing Results (2016)

The test results show that the current ratio, debt to assets ratio, return on equity, total asset turnover, firm size, and GDP growth rate can only explain the behavior dividend payout ratio of 8.1%, while the remaining 91.9 % is explained by other variables that doesn't include in this study.

T Test for equation 2

Structure 2:

$$Y = \alpha + \beta_7 X_1 + \beta_8 X_2 + \beta_9 X_3 + \beta_{10} X_4 + \beta_{11} X_5 + \beta_{12} X_6 + \beta_{13} X_7 + \epsilon_2$$

The result of t test data processing for equation 2 is according to Table 5.7 as follows:

Table-8: T test

Model	Unstandardized Coefficient		Standardized Coefficient (beta)	t hitung	sig
	B	STd. Error			
Constant	-0,118	0,735		-0,161	0,872
CR	0,032	0,031	0,090	1,020	0,309
DAR	0,574	0,236	0,225	2,431	0,016
ROE	0,283	0,137	0,154	2,070	0,040
TATO	-0,044	0,039	-0,087	-1,112	0,268
SIZE	-0,048	0,021	-0,169	-2,290	0,023
GDP	24,863	5,587	0,315	4,450	0,000
DPR	0,015	0,078	0,014	0,193	0,847

Source: The results of data processing (2016)

The t test results show that:

- Current Ratio positively insignificant effect to Return of stock.
- Debt to Assets Ratio has a significant positive effect on stock Return.
- Return on Equity has a significant positive effect on stock Return.
- Total Assets Turn Over has no significant negative effect on Stock Return.
- Firm Size has a significant negative effect on stock return.
- GDP growth has a significant positive effect on stock Return.
- Dividend Payout Ratio has no significant positive effect on stock return.

Equation of structure 2:

$$RS = -0,118 + 0,032CR + 0,574DAR + 0,283ROE - 0,044TATO - 0,048SIZE + 24,863GDP + 0,015DPR + e_2$$

The value of e is counted by the formula below:

$$\begin{aligned} \text{Formula: } e_2 &= \sqrt{1 - R^2} \\ e_2 &= \sqrt{1 - 0,203} \\ e_2 &= 0,893 \end{aligned}$$

Equation 2 above can be interpreted as follows:

- The coefficient of the constant of -0.118 means if other variables are zero then the Return value is -0.118.
- Coefficient of Current Ratio equal to 0,032 means Current Ratio influence Return equal to 0,032 if other variables are constant. If Current Ratio increases by 1 unit, Return will increase by 0,032 unit.
- Debt to Assets coefficient of 0.574 can be interpreted Debt to Assets Ratio affects Return of 0,574 if other variables are constant. If Debt to Assets Ratio increases by 1 unit, Return will increase by 0.574 units.
- Return on Equity coefficient of 0.283 means Return on Equity affects Return of 0.283 if other variables are constant. If Return on Equity increases by 1 unit, Return will increase by 0.283 units.
- Coefficient of Total Assets Turn Over of -0.044 can be interpreted that Total Assets Turn Over affects the Return of -0.044 if other variables are constant. If Total Assets Turn Over increases by 1 unit, Return will decrease by -0.044 units.
- Size coefficient of -0.048 means Size affects Return of -0,048 if other variables are constant. If Size goes up by 1 unit, Return will decrease by -0,048 unit.
- Growth GDP coefficient of 24.863 can be interpreted Growth GDP affects Return of 24.863 if other variables are remain. If Growth increases by 1 unit, Return will increase by 24 863 units.
- Coefficient of Dividend Payout Ratio equal to 0,015 means Dividend Payout Ratio influences Return of 0,015 if other variables are constant. If Dividend Payout Ratio goes up by 1 unit, Return will increase by 0,015 unit.

Model eligibility

The result of data processing of F test for equation 2 is according to the following table:

Table-9: F test

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	7.302	7	1.043	5.975	.000 ^b
	Residual	28.633	164	.175		
	Total	35.935	171			
a. Dependent Variable: Return						
b. Predictors: (Constant), DPR, CR, PDB, SIZE, ROE, TATO, DAR						
c. F table is 2,267						

Sumber: The processing data results

F test results indicate that the model is feasible to be used in this research. The results of data processing Coefficient Determination test (R^2) for equation 2 is as following table:

Table-10: Coefficient Determination test R^2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.451 ^a	.203	.169	.4158215
a. Predictors: (Constant), DPR, CR, PDB, SIZE, ROE, TATO, DAR				
b. Dependent Variable: Return				

Source: The data processing results (2016)

The test results above show that the current ratio, debt to assets ratio, return on equity, total asset turnover, firm size, GDP growth rate, and DPR can explain the return behavior of shares by 20.30%, while the rest of 79.70% is explained by other variables.

The effect of Internal and External Factors on Dividend Payout Ratio

Research on the influence of internal factors measured by the variable Current Ratio, Debt to Assets Ratio, Return on Equity, Total Assets Turn Over, Size and external factor measured by Growth GDP variables to Dividend Payout Ratio are displayed on the following results:

Current Ratio

Current Ratio has no significant negative effect on the dividend payout ratio. It means the decrease of current assets will have an impact on the decrease of dividend payments but it is insignificant. The results of this study are in line with Prawira and Endang [9], Laim, Nangoi, and Pure [10] studies, but not in line with Damayanti and Fatchan [11], and Maulidah and Azhari [12].

Debt to Assets Ratio

Debt to Assets Ratio has a significant negative effect on the Dividend Payout Ratio. It can be interpreted that the increase of company debt will decrease the company's ability to pay dividend because the burden of the company is getting bigger. The results of this study are in line with the research of Kajola, Desu, and Agbanike [6], Malik, Gul, Khan, Rehman, and Madiha [5], and Kaźmierska and Jóźwiak [7], but it is not in line with the research Suharli [13] and Maulidah Azhari [12].

Return on Equity

Return on Equity has a significant positive effect on the Dividend Payout Ratio. It can be interpreted that large equity to profit adds to the ability of companies to pay dividends in a significant count. The results of this study are in accordance with research Kajola, Desu, and Agbanike [6], Malik, Gul, Khan, Rehman, and Madiha [5], Kaźmierska and Jóźwiak [7], and Suharli [13], but these are different from Damayanti and Fatchan [11].

Total Turn over Assets

Total Turn over Assets have a positive and insignificant effect on the dividend payout ratio. That is the rapid turnover of total assets is responded positively by the ability to pay dividends but it is just in small quantities only or insignificant. These results support Krishnamoorthi's research [14], but these differ from those of Muhammadinah and Jamil [15].

Firm Size

Firm Size has a significant positive effect on Dividend Payout Ratio. It means the greater scale of the company will impact to the ability to pay dividends in large amounts as well. The results of this study are in accordance with the research of Kajola, Desu, and Agbanike [6], Malik, Gul, Khan, Rehman, and Madiha [5], and Kaźmierska and Józwiak [7], but these are different from Damayanti and Fatchan [11], Maulidah and Azhari [12].

GDP Growth

GDP Growth has no significant positive effect on Dividend Payout Ratio. It is concluded that the high growth of GDP will be followed by the increase of dividend paid by the company but it is only in small quantity. This is in accordance with Smits [16] and Dafé [17], but different from Morales [18], and Manry and Wandler [19].

The effect of Internal and External Factors on Stock Returns

Based on the results of data processing on the influence of the variable Current Ratio, Debt to Assets Ratio, Return on Equity, Total Assets Turn Over, Size and GDP Growth, and Dividend Payout Ratio to Return, it is obtained the results as follows:

(1) *Current Ratio*,

Current Ratio has no significant positive effect on stock returns. It means every increase in current assets is very high responded by the increase in stock returns in small quantities only. The results of this study are in accordance with research Lestari, Andini, and Oemar [20] and Setiyono and Amanah [21], but these are different from Detiana [22].

(2) *Debt to Assets Ratio*

Debt to Assets Ratio has a significant positive effect on stock returns meaning that the increase in corporate debt will affect the company's ability to pay dividends in significant quantities. The results of this study are in accordance with research Setiyono and Amanah [21], but these are different from research Suhandi [23].

(3) *Return on Equity*

Return on Equity has a significant positive effect on stock returns, which means that equities that are able to generate high returns will be responded by the stock return rebound in a significant amount of magnitude. These results are consistent with the research of Şebnem Er and Vuran [3] but these are different from those of Hunjra, Shahzad, Chani, Hassan, and Mustafa [4].

(4) *Total Assets Turn Over*

Total Assets Turn Over has no significant negative effect on stock return. It means a good asset turnover has an impact on the decline in stock returns, but it is just in small quantities. The results of this study are in accordance with the research of Lestari, Andini, and Oemar [20], but these are different from the research of nebnem Er and Vuran [3], and Yani and Emrinaldi [24].

(5) *Firm Size*

Firm Size has a significant negative effect on stock return, which means that the larger the scale of the company will result in the decline of stock return value in large or significant amount also. The results of this study are in accordance with research Lestari, Andini, and Oemar [20], but these are different from research Setiyono and Amanah [21].

(6) *GDP Growth*

GDP Growth has a significant positive effect on stock return. That is the better the country's economic growth will be followed by the better return of company stock in significant amount. The results of this study are in accordance with Şebnem Er and Vuran [3] and Singh, Mehta, and Varsha [25] studies.

(7) *Dividend Payout Ratio*

Dividend Payout Ratio positively insignificant to stock return, which means the greater the ratio of dividend payout to earnings will be responded by the increase of stock return namu in the quantity that is not significant. The results of this study are in accordance with Deitiana's [22] study, but There are contrary to Suhandi's [23], and Hunjra, Shahzad, Chani, Hasan, and Mustafa [4] studies.

CONCLUSION

Debt to Assets Ratio, Return on Equity, and Firm Size have a significant effect, while the Current Ratio variable, Total Turn Over Assets and GDP Growth have no significant effect on dividend payout ratio. Variables that significantly influence stock returns are Debt to Assets Ratio, Return on Equity, Firm Size and GDP Growth, while the Current Ratio variable, Total Assets Turn Over, and Dividend Payout Ratio have no significant effect. Cash dividend is not very attractive to investors when compared to capital gain. It is proven where Dividend Payout Ratio doesn't have a significant effect on stock return.

For investors, before investing in shares in the capital market, it is advisable to consider the factors that influence stock returns such as Debt to Assets Ratio variables, Return on Equity, Size, and GDP Growth which in this study proved to have a significant effect on stock returns. For issuers, you should improve the company's financial

performance so that it will encourage investor interest to invest in capital stock especially on stock instruments. For the next researchers, if you are going to examine the factors that influence stock returns, you should expand the research variables that are estimated to have a more significant influence on stock returns, because in this study based on the Determination Coefficient Test, a small coefficient is obtained which means that the independent variables are this study is only able to explain the behavior of the dependent variable relatively small while other variables not included in this research model can explain better.

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