

## Implications of Profitability, Liquidity, Leverage and MBV on Dividend Payout Ratio in Manufacturing Companies in IDX 2014-2016

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Dividend distribution is carried out by the company to its shareholders which is influenced by the availability of cash and the composition of the company's debt ownership. It is important to learn the effect of liquidity, leverage, profitability and also MBV on the DPR. This article will be focused on some manufacturing companies based on the market data of IDX in 2014-2016. The research method is Explanatory. Twenty five of one hundred and forty three data companies have been selected using the purposive sampling technique. The analytical method used in this study is the classic assumption test, multiple linear regression analysis, and hypothesis testing. The results showed that partially profitability and liquidity variables had a positive effect on DPR; leverage and MBV negatively affected dividend policy. Simultaneously the variable profitability, liquidity, leverage, and MBV affect to the ratio of the dividend payout.

**Key words:** *Profitability, liquidity, leverage, MBV, DPR.*

### Introduction

Dividend distribution is not only done by companies that have increased performance; companies that experience a decline in performance also continue to pay dividends to their shareholders. Companies that have an increased level of profitability will make a larger dividend payment than companies whose profitability has decreased. Liquidity is an important concern for investors because dividend distribution is dominated by cash dividends, so companies must have cash available or a certain level of liquidity. The composition of ownership of corporate debt is one of the factors that determines the amount of dividends distributed. There are several companies in 2014-2016, showing that high profitability and liquidity and a low leverage and MBV do not guarantee a high ratio of dividend payout (Hussain, Ali, Thaker & Ali, 2019). This can be seen as follows:

**Table 1: ROE, CR, DER, MBV, DPR of PT. Charoen Pokphand Indonesia Tbk. 2014-2016**

Variables	PT. Charoen Pokphand Indonesia Tbk		
	2014	2015	2016
ROE (%)	0.16	0.15	0.16
CR (%)	2.24	2.11	2.17
DER (X)	0.91	0.97	0.71
MBV (X)	5664150.88	3394104.83	3579073.98
DPR (%)	0.17	0.26	0.24

Based on table 1, the profitability of PT. Charoen Pokphand Indonesia Tbk in 2016, represented by ROE, increased by 6.6% (from 0.15% to 0.16%). But the percentage of dividend payments declined from the previous year by 8.33% (from 0.26% to 0.24%). This is not in accordance with the theory stated by Brigham & Houston (2013: 108) that the higher the level of profitability, the greater the company's ability to pay dividends (Fatula, 2018).

Liquidity in 2016 represented by CR increased from 2.84% in the previous year, from 2.11% to 2.17%. But the percentage of dividend payments declined from the previous year by 8.33% from 0.26% to 0.24%. This is contrary to the theory stated by Sutrisno (2012: 267) that if the company has higher liquidity then the ability to fulfil the dividend payments is also higher (Sanchez, 2018).

**Table 2: ROE, CR, DER, MBV, DPR of PT. Argha Karya Prima Industry Tbk. 2014-2016**

Variables	PT. Argha Karya Prima Industry Tbk		
	2014	2015	2016
ROE (%)	0.03	0.47	0.23
CR (%)	1.13	1.03	1.13
DER (X)	1.15	1.60	1.34
MBV (X)	544868.64	537214.04	546411.50
DPR (%)	0.16	0.22	0.16

Based on table 2, leverage PT. Argha Karya Prima Industry Tbk. represented by DER in 2015 increased by 39.13% (from 1.15% to 1.60%) while the percentage of dividend payments in 2015 increased by 37.5% from the previous year, (from 0.16% to 0.22%). DER in 2016 decreased by 19.40%, (from 1.60% to 1.34%) while the percentage of dividend payments in 2016 decreased by 37.5% from the previous year, (from 0.22% to 0.16%). This is contrary to the theory stated by Sutrisno (2012: 267) that if the company has more leverage, it causes more difficulty to pay dividends. The condition of the DER in 2015 which experienced an increase should have an impact on the decline in the DPR. The same goes for the 2016 DER reduction which should have an impact on the increase in the DPR.

**Table 3:** ROE, CR, DER, MBV, DPR of PT. Astra Auto Part Tbk. 2014-2016

Variables	PT. Astra Auto Part Tbk		
	2014	2015	2016
ROE (%)	0.09	0.32	0.05
CR (%)	1.33	1.32	1.50
DER (X)	0.42	1.41	0.40
MBV (X)	1997017.19	760253.27	937730.58
DPR (%)	0.53	0.10	0.41

MBV in 2016 has increased from the previous year by 23.34%, from 760253.27% to 937730.58% accompanied by an increase in the percentage of dividend payments by 310% from 0.10% to 0.41%. This is not in accordance with the theory stated by Scientific & Asandimitra (2014) that the higher the ratio, the higher the opportunity for corporate investment, this will cause investment funds to increase. If investment funds increase, the availability of funds for dividends will decrease so the percentage of dividend payments will be low.

The research by Rehman in 2012 shows the ratio of dividend payout has a linear impact from the profitability, liquidity and leverage, while in contrary to the MBV. According to Nurraiman's research in 2014, only profitability and liquidity have a linear impact. While according to Wicaksana (2012), profitability and liquidity have a linear impact on the ratio of dividend payout, contrary to the leverage. Then according to Aldy's research (2015), profitability and MBV have a linear impact on the ratio of dividend payout, in contrary with the leverage and has no effect from the liquidity (Olkiewicz, 2018).

## Literature Review

### *Profitability*

Profitability is a measurement of how profitable the company is, both in relation to assets, sales, and with its own capital (Fakhrudin, 2008: 154). According to Sutrisno (2012: 222) profits are a result of the wisdom of management. Profit ratio indicates the level of profit the company achieves; the higher the profit, the better management employed in managing the company. Dividend payments depend on the company's net income, so if the company gets more profit then the ability to pay the dividends will become easier. Profitability reflects the end result of all financial policies and operational decisions (Brigham & Houston, 2013: 146).

Profitability ratios are important to use because it allows us to determine the extent of profits generated by the company. According to Sutrisno (2012: 222) profitability ratios can be measured using GPM, NPM, ROA, ROE, ROI and EPS. This study uses ROE as a proxy for profitability.

According to Sutrisno (2012: 223) ROE (return on equity), also referred to as equity rentability, is a measure of a company's ability to generate profits using its own capital. This ratio can show the level of investment efficiency that appears on the effectiveness of self-

management (Sartono, 2008). Then return on equity can be formulated by dividing profit after tax on equity. The formula used to calculate return on equity is:

$$\text{ROE} = \frac{\text{After - Tax Profit}}{\text{Own Capital}}$$

### **Liquidity**

Where a company can pay short-term debt immediately then the company can be stated as in a liquid state (Irawati, 2006: 27). But if the company cannot afford to pay it can be said the company is in an illiquid state. Ratio of liquidity is used to measure the level of security of short-term creditors and measure whether the company's operations will not be disturbed if these short-term obligations are immediately billed (Sutrisno, 2012: 215); which means the company is also able to pay dividends.

According to Sutrisno (2012: 216) the liquidity ratio can be measured using the current ratio, quick ratio, and cash ratio. This study uses the current ratio as a representation of liquidity. The current ratio shows how the companies can pay off the short-term debt using the existing assets. If the comparison of current assets with current debt is in positive value then the higher the company's ability to cover its short-term debts (Mardaleni, 2014). Current ratio can be formulated by using the debt as divider to assets. The formula will be:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Debt}}$$

### **Leverage**

Leverage can be described as a way of using assets and other sources of funds by companies that have fixed costs in order to increase the potential profits of shareholders (Sartono, 2008: 257). According to Sutrisno (2012: 217) the leverage ratio can show the debt needed by the company. Higher level of leverage of the company shows a higher number of loans used, so the financial risk faced by the company gets bigger with greater leverage (Irawati, 2006).

According to Sutrisno (2012: 217) the leverage ratio can be measured using total debt to total asset ratio, debt to equity ratio, time interest earned ratio, fixed charge coverage ratio, and debt service ratio. This study uses debt to equity (DER) as a proxy for leverage. DER is a number that indicates the balance between the obligations of a company and its own capital and shows the amount of collateral available to creditors. According to (Prihantoro, 2003) this ratio can reflect whether the company can fulfil all its obligations or not, which is indicated by what part of its own capital is used to pay the debt. DER can be formulated by dividing the sum of debt to own capital. The formula will be:

$$\text{DER} = \frac{\text{Total Debt}}{\text{Own Capital}}$$

## **MBV**

MBV measures how many stock prices exist in the market compared to the stock book value (Sutrisno, 2012: 224). This ratio provides an indication for management regarding investors' views on the risks and prospects of the company in the future. The MBV is a benchmark for determining how far the company chooses investment opportunities that allow the company to benefit from the asset funding that is carried out. To be able to realize investment opportunities, funds can be obtained from various funding sources, one of which is retained earnings. If the proportion of retained earnings is large, then the share of net income to be distributed to pay dividends is getting smaller. If the ratio is high then the opportunity for corporate investment will be higher too, this will cause the investment funds to increase. If investment funds increase, then the availability of funds for dividends will decrease and the percentage of dividend payments will be low (Scientific & Asandimitra, 2014). MBV can be formulated by dividing the stock market price against the book value of shares. The formula will be:

$$\text{MBV} = \frac{\text{Stock Market Prices}}{\text{Stock Book Value}}$$

## **Dividend of Payout Ratio**

According to Martono & Harjito (2010: 253) dividend policy is a decision regarding whether the profits obtained by the company will be shared with shareholders in the form of dividends or will be held to increase capital to finance investment in the future. The policy of dividend distribution is determined in the General Meeting of Shareholders (AGM) held in the annual term.

Dividends are the distribution of profits given to shareholders for the profits generated by the company, the types of dividends are as follows:

1. Cash Dividend (Dividend Cash)

The most common dividends shared by companies. The thing that needs to be considered by company leaders before making an announcement of cash dividends is whether the amount of cash available is sufficient to distribute the dividend.

2. Asset Dividends Other than Cash (Property Dividend)

The distribution of profits to shareholders in the form of assets other than cash, either in the form of securities of other companies owned by companies, merchandise, or other assets.

3. Debt Dividend (Scrip Dividend)

This dividend arises if the profit is not divided, the balance is sufficient for dividend distribution but the existing cash balance is not enough. So the company will issue a dividend scrip, namely a written promise to pay a certain amount in the future.

4. Liquidation Dividend (Liquidating Dividend)

The distribution of profits to shareholders based on paid-up capital, not based on retained earnings.

5. Share Dividend (Stock Dividend)

Share dividends are the distribution of additional shares without payment to shareholders, comparable to the shares owned.

DPR is a comparison between dividends paid and net income obtained and is usually presented as a percentage (Gitosudarmo & Basri, 2002). According to Martono and Harjito (2010: 253), DPR is a ratio that shows the percentage of corporate profits paid to ordinary shareholders in the form of cash dividends. A higher DPR level will benefit shareholders, but from the company side it will weaken internal financials because it minimizes retained earnings. Conversely, if the level of DPR is low, it will be detrimental to shareholders but the company's internal financials strengthens.

$$DPR = \frac{DPS}{EPS}$$

### ***Effect of Profitability on DPR***

Profitability ratio is used to measure how much profit a company gets. ROE reflects the influence of all other ratios and is the best single performance measure seen from an accounting perspective (Brigham & Houston, 2013: 150). The advantage that is shared with shareholders is profit after the company fulfils all of its fixed obligations, namely interest and tax expenses. According to Suharli (2007), the management will pay dividends to give a signal about the company's success in posting profits. The greater the profits obtained then the more easily a company will fulfil the dividend payouts. So, profitability has a linear impact on dividend policy.

### ***Effect of Liquidity on DPR***

According to Martono and Harjito (2010) company liquidity is the primary considerations in dividend policy. Dividends are cash outflows; the greater the amount of cash available (the liquidity of the company), the greater the ability of the company to pay dividends. Current ratio is one measure of liquidity which is the company's ability to fulfil its short-term obligations through a number of cash and cash equivalents, (such as current accounts or other deposits that can be withdrawn at any time) owned by the company. The higher current ratio shows the ability of the company's cash to meet its short-term obligations. In other words, the increase in the current ratio position will increase dividend payments. Thus, liquidity has a positive effect on dividend policy.

### ***Effect of Leverage on DPR***

The increase in debt will affect the size of the net income available to shareholders including dividends to be received. Prihantoro (2003) revealed that DER reflects the company's power to pay all its debts, which is indicated by what part of its own capital is used to pay off debt. According to Suharli and Sofyan (2004), the greater the leverage of the company, the company tends to pay lower dividends in order to reduce dependence on external funding so that the greater the proportion of debt used for the capital structure of a company, the greater

the amount of liabilities that will affect the amount of dividends distributed. In simple words, it can be said that the dividend policy has a contrary effect on the leverage of a company.

### ***Effect of MBV on DPR***

MBV is a ratio that offers an assessment of the way investors look at a company's performance (Gitman, 2006: 70). A company that is run with good and efficient management should have a higher market value than the book value. The occurrence of the difference between market value and equity book value is what shows the presence of investment opportunities for companies (Marpaung & Hadianoto, 2009). According to Gitosudarmo & Basri (2002), the size of dividends can be influenced by the planned level of expansion. When management sees a good investment opportunity, the company needs funds to be able to realize the investment. In general, the funds used come from retained earnings. If the company requires large funds, the greater the company's net profit will be used as retained earnings, so the net profit to be distributed for dividend payments will be less. In simple words, it can be said that the dividend policy has a contrary effect to the MBV.

### **Research Method**

This research is an explanatory research; that is a research method that intends to explain the position of the variables studied and the causal relationship between variables with one another through hypothesis testing. The variables are independent variables and the dependent variables. The independent variables used are profitability, liquidity, leverage, and MBV, while the dependent variable is dividend policy.

The data used is time series data with panel models. Data analysis in this study was carried out quantitatively using regression analysis techniques. Regression analysis is used to show the relationship and direction between two or more variables (Ghozali, 2016: 94).

Multiple linear regression testing can be done after the model of this study fulfils the requirements of the classical assumption. Therefore, before testing hypotheses with multiple linear regression analysis, classical assumptions must be tested first. The tests used are normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test.

### **Result and Discussion**

The average return on equity of the 25 manufacturing companies listed on the IDX for 2014-2016 is 17.82%. The highest ROE value reached 94.83%, owned by Multi Bintang Indonesia Tbk (MLBI) in 2015. While the lowest ROE value was 0.11%, owned by Sri Rejeki Isman Tbk (SRIL) in 2015. The average ROE, a manufacturing company listed on the IDX in 2014-2016 has decreased. In 2014 the average ROE was 0.201 and then decreased in 2015 to 0.185 and in 2016 the average ROE declined again to 0.149.

The average value of the current ratio (CR) of the 25 manufacturing companies listed on the IDX in 2014-2016 was 2.5135%. The highest CR value reached 10.2542% owned by the Sido Muncul Herbal and Pharmaceutical Industry Tbk (SIDO) in 2014. While the lowest CR value was 0.5139% owned by Multi Bintang Indonesia Tbk (MLBI) in 2014. The average value of the current ratio (CR) of manufacturing companies listed on the Stock Exchange in 2014-2016 has fluctuated with an increasing trend. In 2014 the average CR was 2,263. In 2015 there was an increase in the average CR to 2.675, then for 2016 there was a decrease in the average CR to be 2.603.

The average debt to equity ratio of the 25 manufacturing companies listed on the IDX in 2014-2016 was 0.9061. The highest DER value reached 3.0286 owned by Multi Bintang Indonesia Tbk (MLBI) in 2014. While the lowest DER value was 0.0709 owned by Sido Muncul Herbal and Pharmaceutical Industry Tbk (SIDO) by 2014. The average value of DER of manufacturing companies listed on the Stock Exchange in 2014-2016 declined. In 2014 the average DER was 0.965, and then decreased in 2015 to 0.954, and then in 2016 the average DER decreased to 0.799.

The average MBV of the 25 companies listed on the IDX in 2014-2016 was 6,386,149.7567. The highest MBV value reached 62,931,072.23 owned by Unilever Indonesia Tbk (UNVR) in 2016. While the lowest MBV value was 94,359, .98 owned by the Tjiwi Kimia Tbk (TKIM) Paper Factory in 2015. The average MBV of manufacturing companies listed on the Stock Exchange in 2014-2016 has decreased. In 2014 the average MBV amounted to 7,155,749.78 and then declined in 2015 to 6,048,815.80, and then in 2016 the average MBV decreased to 5,953,883.69.

The average value of the DPR of the 25 companies listed on the IDX in 2014-2016 is 38.60%. The highest DPR value reached 109.89% owned by Hanjaya Mandala Sampoerna Tbk (HMSP) in 2015. While the lowest DPR value was 1.29% owned by Multi Bintang Indonesia Tbk (MLBI) in 2016. The average value of the DPR of manufacturing companies listed on the Stock Exchange in 2014-2016 has fluctuated with a tendency to increase. In 2014 the average DPR was 0.352, then it increased in 2015 to 0.431 and in 2014 the average MBV decreased to 0.375.

### ***Testing of Classical Assumptions***

According to the normality test it is known that the level of Asymp. Sig. is  $0.200 > 0.05$ . These results indicate that the residues in the regression model are normally distributed, so the assumption of data normality is fulfilled.

Based on the multicollinearity test, the VIF value obtained from ROE is 2.738, VIF value from CR 1.446, VIF value from DER 1.866, VIF value from MBV 3.308. The variance inflation factor (VIF) value all variables are below 10. This indicates that the independent variables in the regression model are free from multicollinearity problems, so the assumption of multicollinearity data is fulfilled.

Based on the results of the heteroscedasticity test, it showed that in the regression model there was no violation of heteroscedasticity, in other words the residual variance was homoscedasticity. According to autocorrelation test, the Durbin-Watson value obtained is 1.375. This value is between -2 to +2, these results indicate that the regression model is free from the problem of autocorrelation; both positive autocorrelation and negative autocorrelation.

### ***Multiple Regression Analysis***

Based on the results of calculations, obtained a constant value ( $\alpha$ ) of 0.317, the regression coefficient for ROE ( $\beta_1$ ) of 0.737, CR ( $\beta_2$ ) of 0.029, DER ( $\beta_3$ ) of -0.099, MBV ( $\beta_4$ ) of -0.000000007129. So the formula will be:

$$Y = 0.317 + 0.737X_1 + 0.029X_2 - 0.099X_3 - 0.000000007129X_4$$

Based on the results of the multiple linear regression equation each variable means:

- a. The constant value of 0.317 indicates that when ROE, CR, DER and MBV are zero and there are no changes, the DPR is predicted to be worth 0.317
- b. ROE has a positive regression coefficient value of 0.737. It shows that when ROE ( $X_1$ ) is increased by one percent and the other independent variables are constant, it is predicted that the DPR will increase by 0.737. So companies with greater Profitability (Return on Equity) will have a higher value of Dividend Payout Value.
- c. The current ratio (CR) has a positive regression coefficient value of 0.029. It indicates that when CR ( $X_2$ ) is increased by one percent and the other independent variables are constant, it is predicted that the DPR will increase by 0.029. So larger companies with Current Ratio will have a higher value of Dividend Payout Value.
- d. The Debt to equity ratio has a negative regression coefficient of -0.099. This shows that when DER ( $X_3$ ) is increased by one percent and the other independent variables are constant, it is predicted that the DPR will decrease by 0.160. So a company with a larger leverage will have a lower value of Dividend Payout Value.
- e. MBV has a negative regression coefficient value of -0.000000007129. This shows that when MBV ( $X_4$ ) is increased by one percent and the other independent variables are constant, it is predicted that the DPR will decrease by 0.000000007129. So a company with a larger MBV will have a lower DPR.

Based on the calculation results, it can be seen that the multiple correlation coefficient (R) is 0.632, this value is in the correlation interval between "0.60 - 0.799" which means it falls into the category of "strong" relationships. So it can be concluded that profitability, liquidity, leverage, and MBV have a strong relationship with the DPR. While the R-Sq is 0.399, this shows that simultaneously ROE, CR, DER and MBV contribute influence of 39.9% to the DPR, while the remaining 60.1% is a contribution from other variables not examined.

Profitability (Return on Equity) provides the most dominant contribution to the DPR with contributions given at 13.8%, followed by successive Leverage (Debt to Equity Ratio) of

16.7%, Current Ratio of 10.3% and MBV of 3.4%. So, the total effect given by the four variables is 39.9%.

### ***Hypothesis testing***

Based on Partial Hypothesis Test Results, it is known that the value of t of ROE (3,590) is greater than t-table (1,667) and a significance value of 0,001 <0,05 means that partially proxied proxies by ROE have a positive effect on DPR in companies manufacturing listed on the Stock Exchange in 2014-2016. The value of t CR (2,008) is greater than the t-table (1,667) and the significance value of 0,049 <0,05, meaning that the liquidity partially proxied by CR has a positive effect on the DPR in the 2014 listed IDX manufacturing companies. - 2016. T DER value (-2.133) is smaller than t-table (-1.667) and a significance value of 0.036 <0.05 means that partially the proxied leverage by DER has a negative effect on DPR in manufacturing companies listed on the IDX year 2014-2016. The value of t of MBV (-2,199) is smaller than t-table (-1,667) and the significance value of 0,031 <0,05 means that the partial MBV negatively affects the DPR in manufacturing companies listed on the IDX 2014-2016.

According to the F test, the F value of 11.631 is greater than 2.503 (F-table) meaning that profitability is proxied by return on equity (ROE), liquidity which is proxied by the current ratio (CR), leverage proxied by DER and MBV affect the DPR in manufacturing companies listed on the IDX in 2014-2016.

### ***Effect of Profitability on DPR***

Statistical results show that partially profitability has a positive effect on DPR. The average ROE of the 25 manufacturing companies in IDX 2014-2016 is 17.82%. The highest ROE value reached 94.83% owned by Multi Bintang Indonesia Tbk (MLBI) in 2015. While the lowest ROE value was 0.11% owned by Sri Rejeki Isman Tbk (SRIL) in 2015. The results of this study were also supported by research Fikri Aldy (2015). Research shows that partially return on equity has a positive effect on DPR. This is in accordance with the theory stated by Brigham & Houston (2013: 108) that the higher the level of profitability, the greater the company's ability to pay dividends.

### ***Effect of Liquidity on DPR***

Statistical results show that partially liquidity has a positive effect on DPR. The average value of the current ratio (CR) of 25 manufacturing companies listed on IDX 2014-2016 is 2.5135%. The highest CR value reached 10.2542% owned by the Sido Muncul Herbal and Pharmaceutical Industry Tbk (SIDO) in 2014. While the lowest CR value was 0.5139% owned by Multi Bintang Indonesia Tbk (MLBI) in 2014. The results of this study also supported by research by Febrina Ayuna Safitri (2017). Research shows that partially the current ratio has a positive effect on the DPR. This is in accordance with the theory stated by Sutrisno (2012: 267) that companies with good liquidity tend to distribute larger dividends to

shareholders, in other words the higher the level of liquidity, the greater the company's ability to pay dividends.

### ***Effect of Leverage on DPR***

Statistical results show that partially leverage has a negative effect on DPR. The average value of the debt to equity ratio of the 25 manufacturing companies in IDX 2014-2016 is 0.9061. The highest DER value reached 3,0286 owned by Multi Bintang Indonesia Tbk (MLBI) in 2014. While the lowest DER value was 0.0709 owned by the Sido Muncul Herbal and Pharmaceutical Industry Tbk (SIDO) by 2014. The results of this research were also supported by Debbie Christine's research (2017) which states that partially leverage has a negative and significant effect on DPR. This is in accordance with the theory stated by Sutrisno (2012: 217) leverage ratio can show how much the company's funding needs are spent with debt. The greater the level of leverage of the company, the greater the number of loans used, so the financial risk faced by the company is getting bigger (Irawati, 2006).

### ***Effect of MBV on DPR***

Statistical results show that partially the MBV has a negative effect on the DPR. The average MBV of the 25 companies in IDX 2014-2016 is 6,386,149.7567. The highest MBV value reached 62,931,072.23 owned by Unilever Indonesia Tbk (UNVR) in 2016. While the lowest MBV value was 94,359.98, owned by Tjiwi Kimia Tbk (TKIM) Paper Factory in 2015. The results of this research are also supported by research by Fikri Aldy (2015) which states that partially MBV has a negative and significant effect on DPR. This is in accordance with the theory stated by Gitosudarmo & Basri (2002) the size of the dividend distribution can be influenced by the planned level of expansion. In this case the higher expansion planned by the company results in reducing dividends that are distributed because the profits earned are prioritized for the addition of assets. If the ratio is high then the opportunity for corporate investment will be higher too, this will cause the investment funds to increase. If investment funds increase, the availability of funds for dividends will decrease.

### ***Effect of Profitability, Liquidity, Leverage and MBV on DPR***

Based on the results of calculations, it is known that profitability, liquidity, leverage and MBV affect DPR. This indicates that changes in all independent variables simultaneously will affect the DPR. These results indicate that simultaneously Profitability (ROE), Liquidity (CR), Leverage and MBV contribute an influence of 39.9% to the DPR in manufacturing companies listed in IDX 2014-2016, while the remaining 60.1% is a contribution from other variables not examined.

## Conclusion

Based on the results of the analysis and discussion presented in the previous chapter, it can be concluded that partially profitability, proxied by return on equity, has a positive effect on DPR (DPR). Liquidity, which is proxied by the current ratio (CR), has a positive effect on DPR (DPR). Leverage, proxied by the debt to equity ratio, has a negative effect on DPR (DPR). MBV has a negative effect on DPR in manufacturing companies listed on the IDX 2014-2016. Simultaneously Profitability (ROE), Liquidity (CR), Leverage and MBV contribute 39.9% to the DPR of manufacturing companies listed on the Indonesia Stock Exchange in 2014- 2016, while the remaining 60.1% is a contribution from other variables not examined in this study.

Implications for the company, among others, and for management who want to increase dividend payments to shareholders, need to maintain and improve the profitability of the company, have a high level of liquidity, to be more optimal in utilizing the company's cash and cash equivalents, so that the desire of shareholders to receive dividends can be fulfilled. High leverage is suggested to reduce funding externally so that companies are able to distribute dividends to shareholders. Further, have a high level of MBV and be careful in paying close attention to company investment. Companies must minimize all forms of investment that are not potential, so that the desire of shareholders in receiving dividends can be fulfilled.

Implications for Investors, namely before investing, they should first analyse the company's financial condition, choose a company that has a high level of profitability, choose a company that has a good level of liquidity, choose a company with a low level of leverage and choose a company with a low MBV, which means that the opportunity for corporate investment is low so investors can get dividends from these investments.

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