THE EFFECT OF CURRENT RATIO AND DEBT TO EQUITY RATIO ON DEVIDING GROWTH

Yusni Nuryani*[1], Denok Sunarsi[2]
Universitas Pamulang, Indonesia
dosen02458@unpam.ac.id[1], denoksunarsi@unpam.ac.id[2]

Abstract: This study aims to study the Effect of Current Ratio and Debt to Equity Ratio on Dividend Change at PT. Gajah Mas. The method used is an explanatory research analysis technique using statistical analysis with regression testing, testing, determination and hypothesis testing. . Debt to Equity Ratio has a significant effect on the estimated dividend of 34.2%, the hypothesis test obtained significance of 0.045 <0.05. Current Ratio and Debt To Equity Ratio significant to Dividend conversion of 47.8%, the hypothesis test obtained significance of 0.014 <0.05.

Keywords: Current Ratio, Debt To Equity Ratio, Dividend Transactions.

INTRODUCTION

In general, the company's goal is to get the maximum profit. By obtaining maximum profits, the company can survive and continue to grow and provide a favorable return for its owners. However, in a condition of increasing competition in the present time, this goal is not easy to achieve. Company management is required to be able to manage its resources more effectively and efficiently and can produce decisions that support the achievement of corporate goals.

One factor that supports investor confidence is their perception of the fairness of the price of a security (stock). Under such circumstances, capital markets are said to be of informational efficiency. The capital market is said to be informational efficiency if the stock prices of the securities reflect all relevant information. Incorrect and inaccurate information will certainly mislead investors in investing in securities, so this can be detrimental to investors. Menuru (Imron, 2002 in pinuji, 2009) "the faster and more accurate information reaches prospective investors and is reflected in the stock price, the more efficient the relevant capital markets."

The company's financial performance is one of the factors seen by potential investors to determine stock investment. For a company, maintaining and improving financial performance is a must so that the shares still exist and remain in demand by investors. The financial statements issued by the company are a reflection of the company's financial performance.

Measurement of company performance is one indicator used by investors to assess a company from the market price of these shares on the Indonesian stock exchange. The better the company's performance, the higher the returns that will be obtained by investors. Horne (2012) states that "measurement of financial performance includes the results of the calculation of financial ratios based on the company's financial statements that are published and have been audited by public accountants. These ratios are designed to help the analysis or investors in evaluating a company based on its financial statements ".

Liquidity illustrates the ability of a company to meet its financial obligations that must be met immediately. Liquidity will affect the size

of the dividends paid to shareholders. Dividends are cash outflows, the greater the amount of cash available, the better the company's liquidity is considered, the greater the company's ability to pay dividends (Harjito and Martono, 2011). A high level of liquidity will indicate that the company is in good condition so that it will increase demand for shares and will certainly increase share prices.

To measure the success of a company in an effort to realize efficient company operations in generating profits, it can not only be seen from the size of the profits, but also viewed from its current ratio. According to Kasmir (2014) states that "Current ratio is a ratio to measure the ability of companies to pay short-term obligations or debt that is due immediately when billed as a whole. In other words, how much current assets are available to cover short-term liabilities that are immediately due. The current ratio can also be said as a form of measuring the level of safety (margin of safety) of a company. It is said whether a company is able to pay its debts both short term and long term ".
The high level of current ratio reflects

that business entities are able to work effectively and efficiently in their operations. In measuring the success of an efficient company and generating profits can be seen from the current ratio as well as a comparison between profits generated by the company with assets or capital used to generate profits.

Besides Debt To Equity Ratio (DER) can show the measurement of solvency ratios. Debt To Equity Ratio (DER) is one of the solvency ratios. According to Darsono and Ashari (2010), namely: "Debt to Equity Ratio (DER) is one of the leverage or solvency ratios. Solvency ratio is the ratio to find out the company's ability to pay liabilities if the company is liquidated. This ratio is also referred to as the leverage ratio (Leverage), which is assessing the limits of the company in borrowing money ". According to Siegel and Shim in Fahmi (2012) defines the debt to equity ratio, "The measure used in analyzing financial statements to show the amount of collateral available to creditors". Following are the data of PT. Gajah Mas.

Table 1. Calculation of Average Current Ratio and Debt To Equity Ratio

Year	Current Ratio			Debt To Equity Ratio		
	Current asset	Current Liabilities	Ratio (%)	Total Amoun of debt	Equity	Ratio (%)
2010	790,761,579	88,176,611	896.79	117,777,122	867,768,233	13.57
2011	826,635,699	105,092,457	786.57	140,872,616	1,030,137,766	13.67
2012	801,200,887	159,117,640	503.33	209,776,977	1,220,407,287	17.18
2013	1,149,850,616	170,648,029	673.81	242,874,512	1,627,268,606	14.92
2014	1,681,802,957	388,465,382	432.93	498,462,345	1,939,437,453	25.70
2015	2,101,301,814	372,467,432	564.15	520,916,471	2,400,776,514	21.69
2016	2,391,880,403	355,801,541	672.25	568,143,176	2,678,474,105	21.21
2017	2,732,616,791	345,943,500	789.90	619,971,152	3,115,444,655	19.89
2018	3,243,372,436	443,735,759	730.92	855,578,706	3,574,166,841	23.93

Based on the data above, PT. Gajah Mas in the period 2010-2018 in the Current Ratio experienced fluctuations. Likewise, the Debt To Equity Ratio also fluctuated. the highest percentage of achievement of Current Ratio was obtained by PT. Gajah Mas which

reached 896.79% while the lowest achievement reached 432.93%.
Then the condition of the Total Debt to Equity or the company's ability to pay short-term liabilities where the trend every year tends to fluctuate. The highest percentage of DER

achievement was obtained by PT. Gajah Mas which reached 25.70%, while the lowest achievement where the DER level reached 13.57%.

Company value can be seen from the company's ability to pay dividends. According to Sunariyah, (2011) "Dividends are the proportion of profits distributed to shareholders in an amount proportional to the number of shares owned". There are times when the dividend is not distributed by the company because the company feels the need to reinvest the profits it gets.

The amount of the dividend can affect the stock price.

The size of the dividend paid to shareholders depends on the dividend policy of each company and is based on various factors. According to Gitman (2011) the factors that influence a company's dividend policy are debt covenants, liquidity, cash position, prospects for company growth and control powers of shareholders who own the majority of the company's shares.

Table 2. Development of Average Dividend Growth of PT. Gajah Mas Period 2010-2018 (In Rupiah)

Year	Deviden	Earning Per Share	Payout Ratio (%)	Yield %
2010	9.20	90.05	10.21	11.33
2011	51.85	82.14	63.12	76.84
2012	25.00	17.11	146.11	853.94
2013	10.00	26.21	38.15	145.55
2014	6.00	30.18	19.88	65.87
2015	16.00	32.86	48.69	148.17
2016	16.50	34.98	47.16	134.81
2017	16.47	41.98	39.23	93.44
2018	22.81	45.28	50.37	111.24

Based on the table above it can be seen that during the year 2010-2018 the growth of dividends from PT. Gajah Mas. on average experienced a fluctuating development. Conditions for achieving an average percentage between one company and another are different. The lowest dividend achievement percentage experienced was only reached an average of 11.33% while the Company that was able to reach the highest reached an average of 148.17%.

Based on the explanation above, the researchers tetarik to take the title "Effect of Currnet Ratio (CR) and Debt To Equity Ratio (DER) Against Dividend Growth at PT. Gajah Mas ".

Formulation of the problem
Is there a partial effect between Current Ratio on Dividend Growth at PT. Gajah Mas. Is there a partial effect

between Debt to Equity Ratio on Dividend Growth at PT. Gajah Mas. Is there a simultaneous effect between Current Ratio and Debt to Equity Ratio on Dividend Growth at PT. Gajah Mas.

Research purposes
To determine the partial effect between Current Ratio on Dividend Growth at PT. Gajah Mas. To determine the partial effect between Debt to Equity Ratio on Dividend Growth at PT. Gajah Mas. To determine the simultaneous effect between Current Ratio and Debt to Equity Ratio on Dividend Growth at PT. Gajah Mas.

Current Ratio, According to Kasmir (2014) states that "Current ratio is a ratio to measure the ability of companies to pay short-term liabilities or debt that are due immediately when billed as a whole". In other words, how much current assets are available to

cover short-term liabilities that are immediately due. The current ratio can also be said as a form of measuring the level of safety (margin of safety) of a company. It is good if a company is able to pay its debts both in the short and long term.

Debt to Equity Ratio, According to Darsono and Ashari (2010), namely: "Debt to Equity Ratio (DER) is one of the leverage or solvency ratios. Solvency ratio is the ratio to find out the company's ability to pay liabilities if the company is liquidated. This ratio is also referred to as the leverage ratio (Leverage), which is assessing the limits of companies in borrowing money

Dividend Growth, According to Rudianto (2012) is: "Dividends are part of the operating profits obtained by the company and given by the company to its shareholders as a reward for their willingness to invest their assets in the company". The definition of dividends according to Tatang Ary Gumanty (2013) is: "Part of the profits distributed to shareholders which can be either cash dividends or stock dividends.".

METHODS

The population in this study financial statements for 9 years PT. Gajah Mas The sampling technique in this study is saturated sampling, where all members of the population are sampled. Thus the sample in this study is financial statements for 9 years. The type of research used is associative, where the aim is to find out the relationship between variables. In analyzing the data used instrument test, classical assumption test, regression, coefficient of determination and hypothesis testing.

RESULT AND DISSCUTION
Descriptive Analysis

This test is used to determine the minimum and maximum scores, mean scores and standard deviations of each variable. The results are as follows:

Tabel 1. Hasil Analisis *Descriptive Statistics*
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Current Ratio (X1)	9	43.3	89.7	67.229	14.9276
Debt To Equity Ratio (X2)	9	13.6	25.7	19.084	4.4707
Dividend Growth (Y)	9	19.9	63.1	45.213	12.1054
Valid N (listwise)	9				

Source: 2020 SPSS Processing

Current Ratio obtained a minimum value of 43.3% and a maximum value of 89.7% with an average of 67.222% with a standard deviation of 14.927%. Debt to Equity Ratio obtained a minimum value of 13.6% and a maximum value of 25.7% with a mean score of 19.084% with a standard deviation of 4.4707%. Dividend growth obtained a minimum variance of 19.9% and a maximum value of 63.1% with an average of 45.213% with a standard deviation of 12.1054%.

Verification Analysis.

This analysis is intended to determine the effect of independent variables on the dependent variable. The test results are as follows:

Multiple Linear Regression Analysis

This regression test is intended to determine changes in the dependent variable if the independent variable changes. The test results are as follows:

Table 2. Results of Multiple Liner Regression Testing
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	37.831	33.831		1.118	.306
	Current Ratio (X1)	.364	.290	.448	1.252	.257
	Debt To Equity Ratio (X2)	-.894	.970	-.330	-.922	.392

a. Dependent Variable: Dividend Growth (Y)
Source: 2020 SPSS Processing

Based on the test results in the above table, the regression equation Y = 37.831 + 0.364X1 - 0.894X2 is obtained. From the equation explained as follows:

A constant of 37.831 means that if there is no Current Ratio and Debt to Equity Ratio, then there is a Dividend Growth value of 37.831 points. Current Ratio regression coefficient of 0.364, this number is positive meaning that every time there is an increase in Current Ratio of 0.364, the Dividend Growth will also increase by 0.364 points. Debt to Equity Ratio regression coefficient of - 0.894, this number is positive, meaning that every time there is an increase in Debt to Equity Ratio of - 0.894, the Dividend Growth will also increase by - 0.894 points.

Correlation Coefficient Analysis

Correlation coefficient analysis is intended to determine the degree of relationship strength of the independent variables on the dependent variable either partially or simultaneously. The test results are as follows:

Table 3. Test Results for Current Ratio Correlation Coefficient on Growth Deviden.
Correlations[a]

		Current Ratio (X1)	Pertumbuhan Deviden (Y)
Current Ratio (X1)	Pearson Correlation	1	.636
	Sig. (2-tailed)		.066
Dividend Growth (Y)	Pearson Correlation	.636	1
	Sig. (2-tailed)	.066	

a. Listwise N=9
Source: 2020 SPSS Processing

Based on the test results obtained by a correlation value of 0.636 means that the Current Ratio has a strong relationship with Dividend Growth.

Table 4. Test Results Correlation Coefficient Debt to Equity Ratio Against Dividend Growth.
Correlations[a]

		Debt To Equity Ratio (X2)	Pertumbuhan Deviden (Y)
Debt To Equity Ratio (X2)	Pearson Correlation	1	.585
	Sig. (2-tailed)		.098
Dividend Growth (Y)	Pearson Correlation	.585	1
	Sig. (2-tailed)	.098	

a. Listwise N=9
Source: 2020 SPSS Processing

Based on the test results obtained by a correlation value of 0.585 means that the Debt to Equity Ratio has a moderate relationship to Dividend Growth.

Table 5. Simultaneous Coefficient of Current Ratio and Debt to Equity Ratio Test Results Against Dividend Growth.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.691ᵃ	.478	.304	10.0979

a. Predictors: (Constant), Debt To Equity Ratio (X2), Current Ratio (X1)
Source: 2020 SPSS Processing

Based on the test results obtained by a correlation value of 0.691 means that the Current Ratio and Debt to Equity Ratio simultaneously have a strong relationship to Dividend Growth.

Analysis of the Coefficient of Determination

Analysis of the coefficient of determination is intended to determine the percentage of influence of the independent variable on the dependent variable either partially or simultaneously. The test results are as follows:

Table 6. Test Results for Current Ratio Determination Coefficient on Dividend Growth.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.636ᵃ	.404	.319	9.9896

a. Predictors: (Constant), Current Ratio (X1)
Source: 2020 SPSS Processing

Based on the test results obtained a determination value of 0.404 means that the Current Ratio has an influence contribution of 40.4% on Dividend Growth.

Table 7. Test Results for Debt to Equity Ratio Determination Coefficient on Dividend Growth.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.585ᵃ	.342	.248	10.4999

a. Predictors: (Constant), Debt To Equity Ratio (X2)
Source: 2020 SPSS Processing

Based on the test results obtained a determination value of 0.342 means that Debt to Equity Ratio has an influence contribution of 34.2% on Dividend Growth.

Table 8. Testing Results Determination Coefficient Current Ratio and Debt to Equity Ratio on Dividend Growth.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.691ᵃ	.478	.304	10.0979

a. Predictors: (Constant), Debt To Equity Ratio (X2), Current Ratio (X1)
Source: 2020 SPSS Processing

Based on the test results obtained a determination value of 0.478 means that the Current Ratio and Debt to Equity Ratio simultaneously have an influence contribution of 47.8% on the Dividend Growth, while the remaining 52.2% is influenced by other factors.

Hypothesis testing

Partial hypothesis test (t test) Hypothesis testing with t test is used to find out which partial hypotheses are accepted. First Hypothesis: There is a significant effect between Current Ratio on Dividend Growth.

Table 9. Results of Current Ratio Hypothesis Tests on Dividend Growth.
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.554	16.251		.649	.537
	Current Ratio (X1)	.516	.237	.636	2.479	.046

a. Dependent Variable: Dividend Growth (Y)
Source: 2020 SPSS Processing

Based on the test results in the above table, the value of t count> t table or (2.479> 2.365) is obtained, thus the first hypothesis is proposed that there is a significant influence between the Current Ratio on Dividend Growth received. Second Hypothesis: There is a significant influence between Debt to Equity Ratio on Dividend Growth.

Tabel 10. Hasil Uji Hipotesis *Debt to Equity Ratio* Terhadap *Pertumbuhan Deviden.*
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	75.421	16.229		4.647	.002
	Debt To Equity Ratio (X2)	1.583	.830	-.585	2.450	.045

a. Dependent Variable: Dividend Growth (Y)
Source: 2020 SPSS Processing

Based on the test results in the above table, the value of t count> t table or (2,450> 2,365) is obtain e'd, thus the second hypothesis proposed that there is a significant influence between Debt to Equity Ratio on Dividend Growth is accepted.

Simultaneous Hypothesis Test (Test F)

Hypothesis testing with the F test is used to find out which simultaneous hypotheses are accepted. The third hypothesis There is a significant effect between Current Ratio and Debt to Equity Ratio on Dividend Growth.

Table 11. Hypothesis Test Results Current Ratio and Debt to Equity Ratio Against Dividend Growth.
ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	560.525	2	280.262	12.749	.014[b]
	Residual	611.805	6	101.967		
	Total	1172.329	8			

a. Dependent Variable: Dividend Growth (Y)
b. Predictors: (Constant), Debt To Equity Ratio (X2), Current Ratio (X1)
Source: 2020 SPSS Processing

Based on the test results in the table above, the calculated F value> F table or (12.749> 4.760), thus the third hypothesis proposed that there is a significant influence between Current Ratio and Debt to Equity Ratio on Dividend Growth is accepted.

RESULTS AND DISCUSSION
Effect of Current Ratio on Dividend Growth

Current Ratio has a significant effect on Dividend Growth with a correlation of 0.636 or has a strong relationship with a contribution of 40.4%. Hypothesis testing obtained t value> t table or (2.479> 2.365). Thus the first hypothesis proposed that there is a significant effect between Current Ratio on Dividend Growth is accepted.

The Effect of Debt to Equity Ratio on Dividend Growth

Debt to Equity Ratio has a significant effect on Dividend Growth with a correlation of 0.585 or has a strong relationship with a contribution of 34.2%. Hypothesis testing obtained t value> t table or (2,450> 2,365). Thus the second hypothesis proposed that there is a significant effect between Debt to Equity Ratio on Dividend Growth is accepted.

The Effect of Current Ratio and Debt to Equity Ratio on Dividend Growth

Current Ratio and Debt to Equity Ratio significantly influence Dividend Growth by obtaining a regression equation Y = 37.831 + 0.364X1 - 0.894X2, the correlation value of 0.691 or has a strong relationship with the contribution of influence of 47.8% while the remaining 52.2% influenced by other factors. Hypothesis testing obtained F value> F table or (12.749> 4.760). Thus the third hypothesis proposed that there is a significant effect between Current Ratio and Debt to Equity Ratio on Dividend Growth is accepted.

CONCLUSION

Current Ratio has a significant effect on Dividend Growth. Hypothesis testing obtained t count> t table. Debt to Equity Ratio has a significant effect on Dividend Growth. Hypothesis testing obtained the value t> t table. Current Ratio and Debt to Equity Ratio have a significant effect on Dividend Growth. Hypothesis testing obtained the value of F count> F table.

REFERENCES
C. Van Horne, James, (2010), *"Pengantar Manajemen Keuangan"*, Edisi Pertama, Cetakan kedua, Penerbit Kencana, Jakarta.

Darsono, (2006), *"Manajemen Keuangan Pendekatan Praktis"*, Diaudit Media, Jakarta.

Fahmi, Irham. (2012). "Analisis Kinerja Keuangan", Bandung: Alfabeta

Gitman, L.J.; Zutter, C.J. (2011). Principles of Managerial Finance.13e. Boston: Pearson.

Gitman, Lawrence, 2009 *"Principles of Manajerial Finance"*, United States Pearson Addison Wesley.

Gumanti, Tatang Ary. (2013). Kebijakan Dividen Teori, Empiris, dan Implikasi. Jakarta: UPP STIM YKPN.

Harjito dan Martono, (2011) *"Manajemen Keuangan"*, Ekonisia, Yogyakarta, .

Horne, Van dan Wachowichz, (2005), *"Prinsip-Prinsip Manajemen Keuangan"*, Edisi Bahasa Indonesia, Salemba Empat, Jakarta.

Kasmir, (2014) "*Pengantar Manajemen Keuangan*", Edisi Pertama, Cetakan kedua, Penerbit Prenada Media, Jakarta.

Pinuji, P.S. (2009). Pengaruh Rasio Keuangan Terhadap Harga Saham pada Perusahaan Manufaktur di BEI periode

2005-2007. Skripsi Akuntansi. Universitas Muhammadiyah Surakarta. Solo

Rudianto.(2012). Pengantar Akuntansi Konsep dan Tekhnik Penyusunan Laporan Keuangan. Jakarta: Erlangga

Sunariyah. (2011). Pengantar Pengetahuan Pasar Modal. Edisi Keenam. Yogyakarta: UPP STIM YKPN.