EFFECT OF DEBT, LIQUIDITY AND PROFITABILITY POLICY ON DIVIDEND POLICY (Study on Pharmaceutical companies listed in IDX year 2015-2019)

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*Abstrak– **This**study aims to find out how much influence), Debt to Equity Ratio (DER), Current Ratio (CR), and Net Profit Margin (NPM) on Share Prices in pharmaceutical sector industries listed on the Indonesia Stock Exchange. This research uses a type of quantitative research as measured by linear regression method of panel data with E-Views 10 software. The population in this study were 10 pharmaceutical sector manufacturing companies listed on the Indonesia Stock Exchange for the period 2015-2019. The research sample was determined based on purposive sampling method with the number of samples of 12 companies so that the total observation as many as 40 observations. The data used in the study is secondary data. The data sources in this study came from financial statements and accessed through the official website www.idx.co.id. The results of the t test (partial significant test) stated the Current Ratio (CR) that partially had a significant effect on the share price of pharmaceutical sector companies while the Debt to Equity Ratio and Net Profit Margin partially had no significant effect on the share price of pharmaceutical sector companies. The results of the F test (simultaneous significant test) state that debt to equity ratio (DER), current ratio (CR), and Net Profit Margin (NPM) simultaneously affect the pharmaceutical company's share price.*

Keywords: Debt to Equity Ratio (DER), Current Ratio (CR), and Net Profit Margin (NPM), against Dividend Policy (DPR).

I. INTRODUCTION

Indonesia Stock Exchange (IDX) is a capital market in Indonesia. The role of the Indonesia Stock Exchange (IDX) is very important among others for the public as a means to invest and for gopublic companies as a means of obtaining additional capital by issuing shares as a sign of ownership. The attractiveness of stocks for investors lies in the share price. The prevailing share price on the stock exchange is a price that always fluctuates or changes at any time can rise or fall. This is due to factors that may affect the share price. Factors that can influence the share price are distinguished into two, namely internal and external factors. Internal factors are factors that come from within the company and can be controlled by the management of the company. While external

factors are factors that come from outside the company and can not be controlled by the management of the company. One of the business sectors listed on the Indonesia Stock Exchange is the pharmaceutical sector. The pharmaceutical sector has a role to play in health reform.

Pharmaceutical companies or pharmaceutical companies are commercial business companies that focus on researching, developing and distributing drugs, especially in terms of health. According to Sharabati et al (2015) pharmaceutical companies are an industry that strongly utilizes intellectual capital. Furthermore Sharabati et al (2015) considers that the pharmaceutical industry is an intensive industry conducting research, innovative and balanced industries in the use of human resources and technology. Product renewal and innovation are essential for the survival of pharmaceutical companies. Important product updates and innovations depend heavily on the company's intellectual capital (Sharabati et al,2015).

In health problems that occur in general is very related to the availability of medicines needed by the community. Many pharmaceutical companies as producers of medicines stand in Indonesia, be it foreign companies or national companies. In 2014 in Indonesia there were 206 pharmaceutical industry companies, of which 33 were Foreign Investors (PMA) (bisnis.com, 2014). While pharmaceutical companies listed on the Indonesia Stock Exchange are 10 companies. Indonesia can be the most promising pharmaceutical market compared to other countries in southeast Asia. There are several factors that are drivers of the growth of the pharmaceutical industry in Indonesia, namely the large population of Indonesia, the increasing public awareness of health, the increasing level of the community economy, and increased health access in line with the implementation of health BPJS. Regulation has always been a definite factor that impacts the business landscape of an industry.

The same thing happened when the Indonesian government imposed regulations related to social security, namely the Social Security Administering Body (BPJS). Specifically BPJS health, the influence of this regulation is strongly felt by pharmaceutical businesses. With the enactment of the regulation, the production of drugs by the pharmaceutical industry will increase due to the increase of consumers who have a National Health Insurance card (JKN) which is a product of BPJS. Business competition is getting tougher in the pharmaceutical industry after the enactment of the National Health Insurance (JKN). Where each company will compete to increase the production of drugs, especially generic drugs in line with the increasing demand with the JKN program. Pharmaceutical industry companies are developing their businesses to deal with increasingly intense competition.

In this study the authors intend to use a fundamental analysis approach as a stock analysis tool. In this study using a fundamental approach to predict the share price, because with a fundamental approach is considered to provide information about the condition of the company's financial performance that impacts the profit generated by the company. If a company has good financial performance then it will be able to generate a large profit. With a large profit, the distribution of dividends to shareholders will be large as well. The high dividends distributed to shareholders will affect the share price in the stock market. Kamaruddin (2014: 81) fundamental analysis is an approach to calculating the intrinsic value of common stock using company financial data.

II. LITERATURE STUDIES
2.1. Research Review

The first research was conducted by Susanto, U.S (2012). The importance of the company's consideration in estimating the company's stock market price to achieve the company's goal, namely prospering shareholders with capital gain, the author is interested in conducting research on the influence of liquidity, profitability, solvency and size of the company on the stock market price. Therefore, this study was conducted to find out if the results that will be obtained later can be close to the results or different results from previous research.

The second research was conducted by Surmadewi, N.K.Y & Saputra, D.G.D (2019), under the title The Influence of Liquidity, Leverage, and Profitability on The Value of Pharmaceutical Companies. The purpose of this study was to analyze the influence of liquidity, leverage, and profitability on the value of companies in pharmaceutical companies listed on the Indonesia Stock Exchange (IDX) for the period 2014-2017. The population of this research is a pharmaceutical company listed on the Indonesia Stock Exchange during the period 2014-2017. This indicates that the higher the leverage and the higher the profitability, the higher the value of the company obtained.

The third study was conducted by Raipassa. C, Parengkuan T & Saerang, I (2015) Faculty of Economics and Business, Sam Ratulangi University under the title Influence of Profitability Ratio, Liquidity, And Leverage To Dividend Payout Ratio At Pharmaceutical Companies Listed on Indonesia Stock Exchange. This study aims to test the influence of Dividend Policy, Liquidity, Leverage, and Profitability on Share Price in LQ45 companies listed on the Indonesia Stock Exchange in 2015. The purpose of this study was to determine the effect of simultaneous and partial profitability, liquidity and debt ratios on dividend payout ratios on pharmaceutical companies listed on the Indonesia Stock Exchange (IDX). 7 out of 10 pharmaceutical companies listed on the IDX were sampled in the study. Measurement of profitability ratio with ROI, CR, DER, and DPR. The results showed that simultaneously the influence of profitability, liquidity, and debt to dividend payout ratio on pharmaceutical companies in IDX had no significant effect. Partial profitability ratio has a significant effect on dividend payout ratio in pharmaceutical companies listed on IDX.

The fourth study was conducted by Hasania, Z, Murni, S & Mandagie, Y with the title Current Ratio Influence, Capital Structure Company Size, and ROE on the Value of Pharmaceutical Companies Listed on the Indonesia Stock Exchange for the period 2011 - 2014 volume 16 No. 03 of 2016. This study aims to test the influence of Current Ratio (CR), Company Size, Capital Structure, and ROE on Company Value on pharmaceutical companies listed on the Indonesia Stock Exchange for the period 2011-2014 both partially and simultaneously. The population used in this study is a pharmaceutical company listed on the Indonesia Stock Exchange Year 2011-2014. Sample of 9 companies. Data analysis uses multiple regression analysis, t test, F test and coefficient of determination (R2) analysis. Based on the results of the research that has been done, it can be concluded that the Current Ratio (CR) variable has a significant effect on the Company's Value. The Company Size Variable has no significant effect on the Company's Value. Capital Structure Variables have a significant effect on the Company's Value. Roe variables have a significant effect on Company Value. And simultaneously CR, Company Size, Capital Structure, and ROE have a significant effect on the Company's Value.

The fifth research was conducted by Monalisa in 2019, under the title Influence of Profitability Ratio, Liquidity, Laverage, and Inflation to Share Price in Pharmaceutical sector listed on Indonesia Stock Exchange period 2013-2017. The purpose of this study was to analyze the effect of Liquidity, Leverage, Profitability, and Inflation Ratio on stock prices. In this research, the object used is the Pharmaceutical sector listed on the Indonesia Stock Exchange (IDX) for the period 2013-2017. Based on testing using R2, F test, shows that Proftability Ratio and Leverage Ratio have a significant effect on stock price. While the Liquidity and Inflation Ratio has an insignificant effect on the share price in the Pharmaceutical sector listed on the Indonesia Stock Exchange (IDX) for the period 2013-2017.

The sixth study was conducted by Putra, H.S, Lie, D, Efendi, Julyanthry in 2017 on the influence of liquidity and activity on profitability in Pharmaceutical companies listed on the Indonesia Stock Exchange. The formulation of this research problem is how liquidity and activity affect profitability in Pharmaceutical companies listed on the Indonesia Stock Exchange. The results of this study show that companies should control current assets to be stable so as not to interfere with current assets and find idle assets so as not to charge capital costs to the company's assets. In addition, for further research expand the discussion about other factors that affect profitability.

The seventh study was conducted by Santoso, Q.A & Hermanto, S.B (2016) with the title of the influence of debt ownership, liquidity, fixed assets, size and performance of the company on dividend policy in 2106. The purpose of the study was to test the variables of Managerial Ownership (KMA), Debt to Total Asset (DTA), Quick Ratio (QUI), Collateralizable Assets (COL), Company Size (SIZ), Return on Investment (ROI), and Company Growth (GRW) to Dividend Policy (DPR). The results of multiple linear regression analyses show that Collateralizable Assets (COL) and Company Growth (GRW) variables have a significant negative influence on dividend policy. Variable Return on Investment (ROI) has a significant positive effect on dividend policy. While Managerial Ownership (KMA), Debt to Total Asset (DTA), Quick Ratio (QUI), and Company Size (SIZ) have no effect on dividend policy. All independent variables in the model simultaneously have predicting capabilities with R-Squared 0.568 or 56.8% can predict dividend policy. While 43.2% were affected by other variables outside the model.

The eighth study was conducted by Melinda, A (2019) with the title of analysis of the influence of free cash flow, profitability, debt policy, and liquidity on dividend policy in 2019. This study aims to find out the free cash flow, profitability, debt policy, and liquidity of dividend policy. This research uses quantitative approach with multiple linear regression analysis method. This study used a sample of manufacturing companies that distributed dividends in the period 2013-2017 listed on the Indonesia Stock Exchange. The study used 244 companies with purposive sampling techniques. Based on the results of the analysis that profitability affects dividend policy, while free cash flow, debt policy, and liquidity have no effect on dividend policy.

2.2. Debt Policy

Debt policy is a very important decision in the company. Where debt policy is part of the company's funding policy. Debt policy is a policy taken by the management in order to obtain a source of financing for the company so that it can be used to finance the company's operational activities. In addition, the company's debt policy also serves as a monitoring mechanism for the actions of managers carried out in the management of the company. Debt policy can be influenced by the specific characteristics of 12 companies that affect the debt supply curve in the company or the demand for debt.

The formula used to measure the amount of debt in the company is as follows:

$$Debt\ to\ Equity\ Ratio = \frac{Total\ Liabilities}{Share\ Holder\ Equity} \dots\dots\dots\dots\dots 2.1$$

2.3. Current Liquidity Ratio

According to Sutrisno (2016:216), Current Ratio is a financial ratio that compares the current assets owned by the company with short-term debt. Current assets here include cash, trade receivables, securities, inventories, and other current assets. Measurement of liquidity ratio in this study can be done by assessing current ratio.

$$Current\ Ratio = \ \dots\dots\dots\dots\dots 2.2\ \frac{Current\ Liabilities}{Current\ Asset}$$

2.4. Profitability

Profitability is the ratio ratio to assess the ability of the company to seek profit or profit in a given period. This ratio can also provide a measure of the level of effectiveness of the company's management that can be indicated from profits earned from sales or from investment income (Cashmere, 2015:22).

2.5. Net Profit Margin (NPM)

NPM (Sudana, 2016) measures the company's ability to generate net profit from sales made by the company. NPM can be calculated by comparing between net profit after tax against net sales. NPM can be formulated as follows (Van Horne and Wachowicz, 2015)

$$NPM = \text{...........................} \quad 2.3 \frac{Laba\ Bersih}{penjualaan}$$

2.6. Dividend Policy

Dividend policy is a decision on whether the company's profit will be distributed to shareholders as dividends or will be withheld in the form of retained earnings for future investment financing. If the company chooses to distribute profit as dividends it will reduce retained earnings and will further reduce the total source of internal funds or internal financing (Sartono, 2015 in Setiawati, 2016).

2.7. Signalling Theory

Signalling Theory focuses on the importance of information released by the company to investment decisions of parties outside the company. Information is an important element for investors and businesses, because information essentially presents information, notes or descriptions both for past, current and future circumstances for the survival of a company. Complete, relevant, accurate and timely information is needed by businesses as an analytical tool to make investment decisions (Suwardjono in Umaimah, 2015).

2.8. Financial Statements

Financial statements are the most important media to assess the achievements and economic condition of a company (Harahap, 2013:105). Financial statements are used to describe the financial condition and business results of a company at a certain time or period of time.

III. RESEARCH METHODS

This research strategy illustrates an associative research strategy. In this study, the associative research strategy aims to find out how much influence debt policy decisions (Debt to Assets Ratio), Current Ratio (CR), Net Profit Margin (NPM) on Pharmaceutical companies in IDX.

Population is a generalization area consisting of objects or subjects that have certain characteristics set by researchers to be studied and then drawn conclusions (Sugiono, 2018 : 80). In this study the population used was pharmaceutical companies registered with IDX during the period 2015-2019.

Samples according to Arikunto are part or representative of the population studied. In this study using purposive sampling method. Purposive sampling is done by taking the subject not based on strata, random, or region but based on the existence of a specific purpose. The reason for selecting samples using purposive sampling techniques is because not all samples have criteria that match those that researchers have determined.

The data in this study used secondary data. Secondary data is data that is already available and collected by other parties (Sanusi, 2017:104). The data used in this research is in the form of financial statements from pharmaceutical companies as the object of research. The data source in this research comes from the financial statements of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange (IDX) which can be obtained from the www.idx.co.id.

The data sources used in this study used financial statements of pharmaceutical sub-sector companies in 2015-2019 which were listed on the Indonesia Stock Exchange, previous research journals, and related literature.

3.1. Data Analysis Methods

Data processing in this analysisuse computer programs i.e. *eviews* for data analysis. While presenting using tables and graphs.

Here is the formula of each variable that will be analyzed in this study:

1. Debt to Equity Ratio

    Debt policy is a very important decision in the company. Where debt policy is part of the company's funding policy. Debt policy is a policy taken by the management in order to obtain a source of financing for the company so that it can be used to finance the company's operational activities.

$$Debt\ to\ Equity\ Ratio = \text{...............................} (3.1) \frac{Total\ liabilitas}{Shareholders\ Equity}$$

2. Current Ratio

Current Ratio is a ratio that compares the value of current assets with short-term current debt measured by the current *ratio.* The formula for calculating the Current Ratio is as follows:

$$Current\ Ratio = \text{...} (3.2) \frac{Current\ Assets}{Current\ Liabilitas}$$

3. Net Profit Margin

Net profit margin is one of the measurements in profitability ratio. *Net Profit* Margin is the ratio of revenue to sales. NPM can be formulated as follows:

$$NPM = \text{..} (3.3) \frac{Laba\ Bersih}{Penjualan}$$

Description:

 NPM = Profitability Ratio (%)

3rd. 2, 2014 in NewNew Variable Operationalization

    In this study, the research variables used were the company's profit growth as dependent variables, while debt policy, liquidity ratio measurement, and profitability ratio measurement, Leverage as independent variables. Variable operationalization is required to determine the types and indicators of interconnected variables.

Here is a summary of the variables used in this study namely:

Table 3.3 Operational Variables

Variable	Definition	Indicator	Scale
Debt policy (DER)	A ratio that describes the comparison of debt and equity in corporate funding and demonstrates the company's own capital ability to meet all its obligations.	$THE = \frac{Total\ Hutang}{Total\ Ekuitas}$	Ratio
Liquidity Ratio Measurement (CR)	Current Ratio is a ratio that compares the value of current assets with short-term current debt.	$CR = \frac{Current\ Assets}{Current\ Liabilitas}$	Ratio
Profitability (NPM)	NPM is a ratio that calculates the extent of the company's ability to generate net profit at a certain level of sales.	$NPM = \frac{Laba\ Bersih}{Penjualan}$	Ratio

Dividend Policy (DPR)	Dividend policy is a company with respect to paying income as dividends are corporationd retaining them for reinvestment in the company, Mgbame (2012).	$DPR = \dfrac{Dividen\ per\ lembar\ saham}{Laba\ per\ lembar\ saham}$	Ratio

3rd. 2, 2014 in NewNew Data Analysis Tools

In this study, data is the financial statements of food and beverage sub-sector companies listed *on* the Indonesia Stock Exchange from 2015-2018 processed using computer programs *namely Microsoft Office Exce*l *and Econometric View* (Eviews) version 10 to regress the formulated model and as a good prediction tool. In this study, the research in the presentation of data is in the form of tables and graphs to facilitate researchers in analyzing and the data presented more systematically.

3.2.1   Descriptive Statistical Analysis

Sugiyono (2018:147) states that descriptive statistics are statistics used to analyze data by describing or describing data that has been collected as is without descriptive statistics can be done to find the strong relationship between variables through correlation analysis, make predictions with regression analysis and make comparisons of average sample or population data (Sugiyono,2018:148).

3.2.2.   Classic Assumption Test

Classic assumption test is a requirement of panel data regression analysis. Before conducting hypothesis testing researched in the study need to be done classic assumption testing which includes Normality Test, Multicollinierity Test, Heterosesedastisity Test and Autocorrelation Test.

3.2.3.   Multicolinearity Test

The Multicolinearity Test aims to test whether in the regression model there is a high or perfect correlation between independent variables (Ghozali, 2018:71). A good regression model should not occur correlation between independent variables, if independent variables are correlated then these variables are not orthogal. To detect the presence or not of multicolinearity in regression is in the following ways:

1. If the correlation coefficient value > 0.80 then the data occurs multicolinearity
2. If the risk of correlation efficiency is 0.80, then the data does not occur multicolinearity.

3.2.4.   Heterosceticity Test

The Heteroskesdastisity test aims to test whether in the regression model there is variance inequality from residual one observation to another. If *the* residual variance of each observation is different means there is heterosceticity. A good regression is a regression model that heterosceastisity can use *glejser test* that is regressing its absolute value, the hyposesis used is as follows:

Ho:$\beta 1=0$ no problem Heterosexastisity.

Ho:$\beta 1\neq 0$ there is a problem of Heterosceasticity.

The guidelines to be used in *glejser test decision making* are as follows:

1. If *probability value*< α (0.05) then Heteroskedastisity occurs
2. If the *probability* value > α (0.05) then heterosexticity does not occur

3.2.5. Autocorrelation Test

Autocorrelation aims to test whether in a linear regression model there is a correlation between the fault of the unemployed (residual) in the t-period with the error in the t-1 period (previously) (Ghozali, 2018:121). Autocorrelation is a state where residual correlations for observations with each other are arranged according to time. The autocorrelation can be detected using the *Breusch Godfrey* (BD Test). Thetest of *Breusch Godfrey* is seen from *the probability value* with a significant degree of 0.05. decision making on the Testing of *Breusch Godfrey* is as follows:

1. Ifprobability *value*< 0.05 then no autocorrelation
2. If *probability value*> 0.05 then autocorrelation occurs

3.3. Fixed Effect Model (FEM)

The Fixed Effect Model (FEM) assumes that there are different effects between individuals and that differences can be seen through interspya. Therefore in FEM, each individual is an unknown parameter and will be estimated by using dummy variable techniques. One way to pay attention to cross section units in panel regression models is to allow different interception values for each cross section unit but still assume a fixed slope coefficient. This technique is called Least Square Dummy Variable (LSDV). In addition to being applied to individual effects, LSDV can also accommodate time effects that are systematic (Gurajati, 2012).

3.4. Data Panel Regression Model Selection Test

To find out the exact method in this research, several tests are needed in determining the technique of estimating the regression of panel data. Tests to be performed to get the right model include chow test and Hausman test (Widarjono, 2013:364).

3.4.1. Uji Hausman

Ghozali (2018: 259) Hausman Test is used to choose which model approach corresponds to the actual data, where the form of approach that will be compared in this test *is fixed effect model* and *random effect model*. This test is done with the following hypothesis:

Ho : *Random Effect Model*
Ha : *Fixed Effect Model*

The basis of decision making is as follows:

1. If the probability value *for cross section random*> significant value 0.05 then Ho is accepted, so the model used is the random effect *model.*
2. If the probability value *for cross section random*< significant value 0.05 then Ha is accepted, so the model used is a fixed effect *model.*

3.4.2. Multiple Linear Regression Analysis

This method is an analysis that explains the form of influence between one or more variables with other variables with the following equations:

$$Y^\wedge = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + e \ ...... \ (3.5)$$

Ketrangan ：

$Y^\wedge$	=	Dividend Policy
X_1		= Debt policy (DER)
X_2		= Current Ratio
X_3		= Measurement of profitability ratio (NPM)

b_0 =Intercept, dividend policy assuming Debt policy, Liquidity ratio measurement, and Profitability ratio measurement are 0

b_1 = regression coefficient that results in the amount of dividend policy resulting from changes in one-unit investment decisions assuming liquidity ratio measurement, and profitability ratio measurement, constant.

b_2 = coefficient of regression resulting in the amount of dividend policy resulting from changes in one-unit investment decisions assuming liquidity ratio measurement, and profitability ratio measurement, constant.

b_3 = coefficient of regression resulting in a change in the company's profit resulting from a change in one-unit investment decision assuming liquidity ratio measurement, and profitability ratio measurement, constant.

e = Error, interference variable.

3.4.3. Hypothesis Test

Hypothesis testing means that it tests significant coefficients of partial linear regression as well as simlutan associated with research hypothesis statements (Sanusi, 2017:144). The hypothesis according to Sugiyono (2017:159) is to know the truth of the provisional allegations against a problem formulation that needs to be empirically tested to see if the duagaan or answer question is acceptable or not. The hypothesis to be used in this study relates to the or not influence of free*(independent)*variables on their associated variables*(dependents).*

1. t Test (Partial Significant Test)

This test aims to show how far the influence of free variables on variabl is partially bound. The t-test hypotheses in this study are:

a. Partial Test variable X_1 against Y

$H_{0\ is}$ rejected, if the probability value < 0.05 then partially *the Debt to Equity Ratio* affects the dividend policy

$H_{0\ is}$ received, if theprobability value > 0.05 then partially the Debt to Equity *Ratio* affects the dividend policy.

b. Partial Test of Variiabel X_2 against Y

$H_{0\ is}$ rejected, if the probability value < 0.05 then partially the Current *Ratio* affects the dividend policy

$H_{0\ is}$ received, if the probability value > 0.05 then partially the Current *Ratio* affects the dividend policy

c. Partial Test variable X_3 against Y

$H_{0\ is}$ rejected, if probability value < 0.05 then partially Net Profit *Margin* affects dividend policy.

$H_{0\ is}$ accepted, if probability value > 0.05 then partially Net Profit *Margin* affects dividend policy.

Hypothetical testing in the study was conducted using a significant level of error of 5%. The t test criteria in this study are as follows:

a. H_0 rejected, if probability value < 0.05

b. $H_{0\ received,}$ if probability value ≥ 0.05

2. F Test (Simultaneous Significant Test)

The F test was used to test significantly the effect of the independent variable X on the variable Y (Suyono, 2018:65). This test is performed by comparing calculated F_{values} with table$_F$.

a. Formulating hypotheses

H_0 : $X_{123} = 0$ means there is no simultaneous influence between variable X to variable Y

H_0 : $X_{123} \neq 0$ means that there is simultaneous influence between X variables on Y

variables.
b. The real level α is 5% with a confidence level (1-α) of 95%
c. Specify a critical area (for rejection H_0)
    H_0 rejected, if probability value < 0.05
    $H_{0\ received}$,if probability value ≥ 0.05

3.5. Coefficient of Determination ($R^{2)}$)

The coefficient of determination essentially measures how far the ability of dependent variables can be explained by independent variables.

3.6. Hypothesis Testing

In this study used hypothesis testing namely T Test, and F Test.

3.6.1   Statistical Test t (Partial Testing)

The statistical test t basically shows how far one independent variable affects dependent variables by assuming other independent variables are constant (Ghozali, 2018:57). Statistical test t is done to find out the effect of each independent variable partially on dependent variables individually. The test was conducted using a significant value of 0.05 (5%). acceptance or rejection of the hypothesis was carried out with the following criteria:

1.   Effect of X1 (Sales Growth) on Y (Capital Structure)

H_O: ß1= 0 partially between Sales Growth and Capital Structure there is no significant influence.
H_A: ß1 ≠ 0 partially between Sales Growth and Capital Structure has a significant effect.

2.   Effect of X2 (Company Size) on Y (Capital Structure)

H_O: ß2 = 0 partially between the Size of the Company and the Capital Structure there is no significant influence.
H_A: ß2 ≠ 0 partially between the Size of the Company and the Capital Structure has a significant effect.

3.   Effect of X3 (Profitability) on Y (Capital Structure)

H_O: ß3 = 0 spartial ecara between Profitability and Capital Structure there is no significant influence.
H_A: ß3 ≠ 0 partially between Profitability and Capital Structure has a significant effect.

IV, I'mgoing to need RESULTS AND DISCUSSIONS

The4th. 1. Statistical Analysis Data

Descriptive static is a statistic used to analyze data by describing or describing the collected data as it is without intending to make conclusions that apply to the public or generalizations (Sugiyono 2017:147).

Table 4.1 Descriptive Statistical Analysis of Researched Variables

	DPR	The	CR	NPM
Mean	0.503033	0.767319	235.4757	0.073613
Median	0.247728	0.448820	2.901122	0.075331
Maximum	8.304734	1.906242	1922.822	0.207687
Minimum	0.000000	0.186446	1.042196	-0.0020
Std. Dev.	1.489862	0.588219	551.8666	0.061802
Observations	30	30	30	30

Source : Data processed with E-Views

A. Analisis *Debt To Equity Ratio* (*DER*)

Based on table 4.1 above, it can be concluded that the*average value (mean)*for 5 yearsobserver is

0.767319 which indicates the average ability of pharmaceutical companies in paying off their debts if using the company's capital. The *highest DER* value (*maximum*)of1.906242 obtained by PT. Indofarma (persero) Tbk in 2017 and the *lowest DER* value (*minimum*)of 0.186446 obtained by PT. Kalbe Farma Tbk in 2018.

B. Current *Ratio (CR)*Analysis

Based on table 4.1 above, it can be concluded that the*average value (mean)*for 5 years observer is235.4757 which shows the average ability of pharmaceutical companies in paying off their short-term debt from 2015-2019 using current assets owned by the company. The *highest CR* value (*maximum*)of1922,822 obtained by PT. Kalbe Farma Tbk in 2015 and the lowest *CR* value (*minimum*) of1.0422 obtained by PT. Indofarma Tbk in 2017.

C. Net *Profit Margin Analysis (NPM)*

Based on table 4.1 above, it can be concluded that the*average value (mean)*for 5 yearsof pengmat is 0.073613 which indicates the average ability of pharmaceutical companies in measuring the percentage of net income to net sales. The *highest NPM value (maximum)*of 0.2077 obtained by PT. Merck Indonesia Tbk in 2016 and the *lowest NPM* value*(minimum)*of -0.0020 obtained by PT. Indofarma Tbk in 2017.

D. Dividend *Payout Ratio (DPR)*Analysis

Based on table 4.1 above it can be concluded that the average value (*mean*)dividend for 5 yearsobserver is 0.503033. The highest *dpr* calculation result (*maximum*)of8.304734 obtained by PT. Merck Indonesia Tbk in 2018 and the lowest DPR value*(minumim)*of 0.0000 obtained by PT. Merck Indonesia Tbk in 2019.

The4th. 2. Classic Assumption Test Analysis

4.2.1. Multicolinearity Test

The multicolinearity test aims to test whether in the regression model found a correlation or a high relationship between free variables.

Table 4.2 Multicolinearity Test

	The	CR	NPM
The	1.000000	0.300315	-0.783551
CR	0.300315	1.000000	-0.366418
NPM	-0.783551	-0.366418	1.000000

Source : Data processed with E-Views

The table above shows the correlation coefficient values between free variables. The value of the *DER* correlation coefficient with *CR* is 0.300315, the value of the *DER* correlation coefficient with *NPM* is -0.783551, and *the CR* correlation coefficient value *with NPM* is -0.366418 meaning based on the existing correlation coefficient value indicates that there is no multicolinearity between free variables because it is less than 0.90.

4.2.2. Herosceticity Test

The heterosceticity test aims to test whether the regression model occurs in the inequality of variants of *the residual one* observation. The error rate in this test is 0.05 which is used to determine whether independent variables are experiencing heterosexastisity disorder or not. The hypotheses proposed in this test are:

- If the probability value of the variable is independent < 0.05 then heterosexedity occurs,
- If the probability tilapia is an independent variable ≥ 0.05 then there is no heterosexedity.

Based on the results of the heterosesticity test in table 4.3 indicates *that the Debt To Equity Ratio*

*(DER)*has a probability value of 0.1218, *the Current Ratio (CR)*has a probability value of 0.0567, and   *the Ner Profit* Margin*(NPM)*has a probability value of 0.1047. This indicates that all independent variables have a probability value greater than 0.05 which means that independent variables have no heterosexticity problem.

Table 4.3 Heteroskedastisity Test

Unrestricted Test Equation:
Dependent Variable: DPR
Method: Panel EGLS (Cross-section weights)
Date: 08/26/20   Time: 07:53
Sample: 2015 2019
Periods included: 5
Cross-sections included: 6
Total panel (balanced) observations: 30

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.176304	0.096417	1.828556	0.0790
The	-0.095153	0.059490	-1.599494	0.1218
CR	9.24E-05	4.64E-05	1.994304	0.0567
NPM	1.197250	0.712146	1.681187	0.1047

Weighted Statistics				
R-squared	0.686342	Mean dependent var		2.086458
Adjusted R-squared	0.650151	S.D. dependent var		2.041832
S.E. of regression	1.615938	Akaike info criterion		-0.142453
Sum squared resid	67.89266	Schwarz criterion		0.044373
Log likelihood	6.136798	Hannan-Quinn criter.		-0.082686
F-statistic	18.96432	Durbin-Watson stat		1.729995
Prob(F-statistic)	0.000001			

Source: Data processed with E-Views

4.2.3.   Autocorrelation Test

Ghozali (2016:121) states that the autocorrelation test aims to test whether in linear regression models there is a correlation between faults between the disruptor in the t-period and the t-1 (previous) period disruptor error. To estimate the autocorrelation test is used by means *of Durbin Watson* test (DW*test)*contained in **Appendix 2.**

Table 4.4 Autocorrelation Test Results

N	K	d_L	*DW*	4-d_L	Conclusion
40	3	1,3384	1,526395	2,6616	There is no positive or negative autocorrelation.

Source: Processed data (2020).

Based on autocorrelation test results by *using Durbin Waston* (DW*test)*in the table above shows that *dw value* is 1.526395 while dL_{value} is 1.3384 and value 4 - d_L is 2.6616. In this case if seen from the basis of decision making that has been determined, the *DW* value differsbetween the value of d_L and

the value of 4 - d$_L$ which is 1.3384 $\leq$ 1.526395 $\leq$ 2.6616 then it can be concluded that there is no positive or negative autocorrelation in the regression model of this study.

4.2.4.   Panel Regression Model Analysis
4.2.4.1.   *Fixed Effect Model* (*FEM*)

*The Fixed Effect Model (FEM)*assumes that there are different effects between individuals and that difference can be seen through its interception. Therefore in   *FEM,*each individual is an unknown parameter and will be estimated using dummy   *variable techniques.* One way to pay attention to cross *section* units in panel regression models is to allow different interception values for each cross section unit *but* still assume a fixed *slope* coefficient. This technique is   *called Least Square Dummy Varible (LSDV).* In addition to being applied to individual effects,   *LSDV* can also accommodate systematic time effects (Gurajati, 2012).

Table 4.5 Results of *Fixed Effect Regression Model* (*FEM*)

Dependent Variable: DPR
Method: Panel Least Squares
Date: 08/26/20   Time: 08:42
Sample: 2015 2019
Periods included: 5
Cross-sections included: 6
Total panel (balanced) observations: 30

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.804841	1.185532	-1.522388	0.1428
The	3.564948	0.894162	3.986914	0.0007
CR	0.002268	0.001243	1.824350	0.0824
NPM	-13.06224	7.994308	-1.633942	0.1172

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.675129	Mean dependent var	0.503033
Adjusted R-squared	0.551368	S.D. dependent var	1.489862
S.E. of regression	0.997910	Akaike info criterion	3.077017
Sum squared resid	20.91230	Schwarz criterion	3.497376
Log likelihood	-37.15526	Hannan-Quinn criter.	3.211494
F-statistic	5.455118	Durbin-Watson stat	2.649230
Prob(F-statistic)	0.000844		

Source: Data processed with E-Views

Based on the regression results *of Fixed Effect Model*   (*FEM)* in the table above shows that the value of Adjusted R^2 is 0.551368 which means that the value of *Adjusted* R^2 yagn *obtained* on this model is close to 100%. This indicates that there is an influence of Debt To Equity *Ratio (DER), Current Ratio (CR), and Net Profit Margin (NPM)* on *Dividend Payout Ratio (DPR)*of 55.1368% while the remaining 44.8632% described by other variables are not described in this researcher. So it is *assumed that the Fixed Effect Model (FEM)*is more realistic in determining the influence of *DER,CR* and *NPM* on *dpr.*

4.2.4.2. *Random Effect Model* (*REM*)
*Random Effect Model (REM)*will estimate panel data where interference variables may be

interconnected between time and between individuals. In this model interception seen from error terms *will* always exist and may correlate throughout the time *series* and cross *section*. To estimate this model using the Generalized *Least Square* (GLS)*method.* With this nod is also known to eliminate heteroscedastisity (Basuki, 2016:278).

Based on *random effect model (REM)*results in table 4.7 below shows adjusted R^2 value obtained which is 0.002009 meaning *adjusted* $R^{2\,value}$ in this regression model is close to 0%. This indicates that the influence of Debt To Equity *Ratio (DER), Current Ratio (CR),*and *Net Profit Margin (NPM)*on the *Dividend Payout Ratio (DPR)*is very small at 0.2009%with the remaining99.7991% described in this researcher. So it is assumed that this regression model *is Random Effect Model (REM)*is unrealistic in determining the influence of DER,*CR, and NPM* on *dpr.*

Table 4.6 Results of Random Effect Model (REM) *regression*

Dependent Variable: DPR
Method: Panel EGLS (Cross-section random effects)
Date: 08/25/20   Time: 20:28
Sample: 2015 2019
Periods included: 5
Cross-sections included: 6
Total panel (balanced) observations: 30
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.195370	0.752906	-1.587674	0.1244
The	1.289933	0.514066	2.509275	0.0187
CR	-0.000206	0.000368	-0.560144	0.5802
NPM	10.28543	5.013250	2.051649	0.0504

Effects Specification		
	S.D.	Rho
Cross-section random	0.095203	0.0090
Idiosyncratic random	0.997910	0.9910

Weighted Statistics			
R-squared	0.105250	Mean dependent var	0.491964
Adjusted R-squared	0.002009	S.D. dependent var	1.483919
S.E. of regression	1.482428	Sum squared resid	57.13739
F-statistic	1.019461	Durbin-Watson stat	2.230979
Prob(F-statistic)	0.400075		

Unweighted Statistics			
R-squared	0.106915	Mean dependent var	0.503033
Sum squared resid	57.48874	Durbin-Watson stat	2.217344

Source: Data processed with E-Views

4.2.5.   Data Panel Regression Model Selection Test
4.2.4.1 Uji Hausman

This test is used to select the most precise estimate between the *Fixed Effect* model and the *Random Effect* model. Test results using *E-Views can be* seen in the Cross Section *Random probability*column. The research hypotheses submitted for Hausman's test are as follows:

d.   If the probability *value of Cross Section Random* ≥ 0.05 then the Random Effect model *is* accepted

e.   If the probability *value of Cross Section Random* < 0.05 then the Random Effect model *is* accepted.

Table 4.7 Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: REM
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	34.377008	3	0.0000

Source: Data processed with E-Views

Based on Hausman test results in the table above shows that the *probability value of cross section random* is 0.0000 which means less than 0.05 then it means the right model to be used in this study is Fixed Effect *Model (FEM).*

4.2.5 Panel Data Regression Analysis
Panel data is data consisting of a combination of *time series* data and *cross section* data. The panel data consists of data on several objects covering some time (Nuryanto and Pambuko, 2018:6). The model used for regression analysis of panel data in this study is Fixed Effect *Model (FEM)*in table 4.7. The regression equation obtained is as follows:
$\hat{Y}$ = -1,419043 + 2,370366*DER* + 0,001375*CR* – 2,996079*NPM* …. (4.1)

Table 4.8 Panel Data Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.419043	1.200640	-1.181905	0.2505
The	2.370366	1.230943	1.925651	0.0678
CR	0.001375	0.001294	1.062334	0.3001
NPM	-2.996079	2.746626	-1.090822	0.2877

Source: Data processed with E-Views

Based on the equation of the regression model above, it can be interpreted as follows:

1.   The coefficient of *Debt to Equity Ratio (DER)*regression of2.370366 means der *has a positive effect on dpr.* So if *DER* increases by 1 unit then the price will increase by 2.370366 units assuming the variable values of *NPM* and *CR* are constant.

2.   The *current* regression ratio *(CR)*coefficient of -1.419043 means that CR *negatively* affects the *DPR.* So if *the CR* increases by 1 unit, the *Dpr* will experience a decrease of -1.419043 units assuming *the variables NPM* and *DER* are constant value.

3.   Net Profit Margin*(NPM)* regression *coefficient* of-2.996079 means that *NPM negatively* affects *dpr.* So if *the NPM* increases by 1 unit, the *Dpr* will experience a decrease of -2.996079 units assuming *the variables CR* and *DER* are constant value.

4.2.6   Hypothesis Test
4.2.6.1 t Test (Partial Significant Test)

This test aims to show how far free variables affect partially bound variables. The t-test hypotheses in this study are:

a. Partial Test of *DER Variables* against Y

H_0 is rejected, if the probability value < 0.05 then persial Debt to Equity *Ratio* affects *dividend payout ratio.*

H_0 is accepted, if the probability value is > 0.05 then partially the Debt to Equity *Ratio* has no effect on *the Dividend Payout Ratio.*

b. Partial Test of *CR Variables* against Y

H_0 is rejected, if the probability value < 0.05 then partially the Current *Ratio* affects *the Dividend Payout Ratio.*

H_0 is accepted, if the probability value is > 0.05 then *partially the Current Ratio* has no effect on the *Dividend Payout Ratio.*

c. Partial Test of *NPM Variables* against Y

H_0 is rejected, if probability value < 0.05 then *partially Net Profit Margin* affects *Dividend Payout Ratio.*

H_0 is accepted, if probability value > 0.05 then partially Net Profit *Margin* has no effect on Dividend *Payout Ratio.*

Hypothesis testers in researchers were conducted using a significant level of error of 5%. The criteria for t test in this researcher are as follows:

a. H_0 rejected, if probability value < 0.05

b. H_0 received, if probability value $\geq$ 0.05

Table 4.9 T Test Results (Partial Significant Test) with *Regression Results Fixed Effect Model* (*FEM*)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.419043	1.200640	-1.181905	0.2505
The	2.370366	1.230943	1.925651	0.0678
CR	0.001375	0.001294	1.062334	0.3001
NPM	-2.996079	2.746626	-1.090822	0.2877

Source: Data processed with E-Views

The results obtained from the t test (partial significant test) are as follows:

1. Based on table 4.11 it shows that *DER* has a probability value of $0.0678 > 0.05$. So it can be concluded that *DER* has no partial effect on the *Dpr,* so H_0 is accepted.
2. Based on table 4.11 indicates that *CR* has a probability value of $0.3001 > 0.05$. So it can be concluded that *CR* has no persial effect on the *Dpr,* so H_0 is accepted.
3. Based on table 4.11 it shows *that NPM* has a probability value of $0.2877 > 0.05$. So it can be concluded that *NPM* has no partial effect on the *Dpr,* so H_0 is accepted.

4.2.6.2 F Test (Simultaneous Significant Test)

The F test was used to test significantly the effect of independent variable X on the Y dependent variable (Suyono, 2018:65). The F test hypothesis in this study is as follows:

f. $H_0 : X_{123} = 0$ means there is no simultaneous influence of variable X (*DER*,*CR*, and *NPM*)on variable Y (*DPR*)

g. $H_0 : X_{123} \neq 0$ means there is a simultaneous influence of variable variable X (DER, *CR,*and NPM) on variable Y (DPR).

Table 4.10 Test Results F (Simultaneous Significant Test) with *Regression Results Fixed Effect Model* (FEM)

R-squared	0.675129	Mean dependent var	0.503033
Adjusted R-squared	0.551368	S.D. dependent var	1.489862
S.E. of regression	0.997910	Akaike info criterion	3.077017
Sum squared resid	20.91230	Schwarz criterion	3.497376
Log likelihood	-37.15526	Hannan-Quinn criter.	3.211494
F-statistic	5.455118	Durbin-Watson stat	2.649230
Prob(F-statistic)	0.000844		

Source: Data processed with E-Views

Based on table 4.12 the results obtained for the F test (simultaneous) indicate the probability value of F obtained is $0.000844 < 0.05$ then H_0 is rejected meaning *the variables DER, CR, and NPM* have a simultaneous influence (together) on the *DPR.*

4.2.7   Determination Coefficient Test (R^2)
Coefficient determination ($R^{2)\ testing\ is}$used to measure how much influence between freevariables on regression models on bound variables. The coefficient value of determination is 0% to 100% which means that if the value of *Adjusted* R^2 is closer to 0% then the influence of free variables on bound *variables is getting smaller and if adjusted* value R^2 is closer to 100% then the influence of free variables on bound variables is greater. The greater the *Adjusted* $R^{2\ value,}$ the better the result. The following are the results of calculation of the coefficient of determination that has been tested by researchers, namely:

Table 4.11 Analysis of Coefficient of Determination ($R^{2)}$with Regression *Results Fixed Effect Model (FEM)*

R-squared	0.675129	Mean dependent var	0.503033
Adjusted R-squared	0.551368	S.D. dependent var	1.489862
S.E. of regression	0.997910	Akaike info criterion	3.077017
Sum squared resid	20.91230	Schwarz criterion	3.497376
Log likelihood	-37.15526	Hannan-Quinn criter.	3.211494
F-statistic	5.455118	Durbin-Watson stat	2.649230
Prob(F-statistic)	0.000844		

Source: Data processed with E-Views

Based on table 4.13 above shows the test result of determinant coefficient ($R^{2)}$in this studywhich is 0.551368 which shows that 55.1368% of variable influence istied to this variable, namely policy dividend (*DPR)*can be explained by the free variables contained in this study, *namely DER, CR,*and *NPM* while the remaining 44.8632% of the influence of free variableson this research is dividend policy*(DPR)*explained by othervariables not contained in this research.

V, I'msorry. CONCLUSIONS AND SUGGESTIONS
5.1. Conclusion

Based on the data processing and the results of the discussion in the research "The Influence of Debt Policy*(DER),Liquidity (CR),*and*Profitability (NPM)* on The Dividend Policy of the Pharmaceutical   Sub-Sector" conducted on 6 pharmaceutical subsection companies listed on the Indonesia Stock Exchange for 5 (five) years, it can be concluded as follows:

1. *Debt to Equity Ratio (DER)*has a positive and insignificant influence on dividend policy in the pharmaceutical sector industry listed on the Indonesia Stock Exchange.
2. *Current Ratio(CR)*has a positive and insignificant influence on dividend policy in the pharmaceutical sector industry listed on the Indonesia Stock Exchange.
3. *Net Profit Margin (NPM)*has a negative and insignificant influence on dividend policy in the pharmaceutical sector industry listed on the Indonesia Stock Exchange.

5.2. Saran

1. For companies in the pharmaceutical sector industry, based on the results of this study, debt to asset ratio (DER) and current ratio (CR) have a positive influence on dividend policy. So the variable can be a consideration for companies in the pharmaceutical industry in order to improve the ability to manage stable income and capital so that it will be able to fulfill obligations both short and long term. For each company in the pharmaceutical industry in order to maintain and improve the financial performance of the company so that potential investors are interested in investing in the company.

2. For researchers can further expand the research object, such as manufacturing sector, agriculture sector and financial sector and is expected to be able to develop future research by adding other variables and using the next year period so that it does not only use variables in this study. This is intended to be able to make comparisons between research results in the future.

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