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THE EFFECT OF RETURN ON ASSET AND CURRENT RATIO ON DIVIDEND PAYOUT RATIO WITH FIRM SIZE AS A MODERATING VARIABLE IN CONSTRUCTION AND BUILDING SUB-SECTOR SERVICE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

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Abstract

The rise of investment in the present has become the interest of the people of Indonesia. The number of Indonesian capital market investors reached 1.9 million while for stock investors it had reached 952,000. This shows that there is high interest of the Indonesian people in saving and investing in shares. This study aims to determine whether there is an influence of financial ratios that will be examined against the Dividend Payout Ratio. The population in this study were 17 companies with a main sample of 8 companies and the length of the study was 4 years. The data analysis technique used is Moderated Regression Analysis because there is a moderating variable in this study. The results showed that Return On Assets had a significant and negative effect on Dividend Payout Ratio. Current Ratio does not affect the Dividend Payout Ratio. There is a simultaneous effect between Return On Assets and Current Ratio on Dividend Payout Ratio. Firm Size which is a moderating variable can only act as an independent variable.

Keywords: Return On Assets, Current Ratio, Dividend Payout Ratio, Firm Size

I. INTRODUCTION

Investors certainly have a primary goal in carrying out stock investment, namely by expecting a return in the form of dividends. In addition, the company also expects significant growth to be able to maintain the continuity of the company and also provide greater welfare to investors or shareholders. In reality, not all companies distribute dividends every year. This is because the company also makes decisions about the quantity and mechanism of dividend payments which are considered dividend policies. The company's dividend policy is very important for investors and for companies that will distribute their dividends. However, the most basic question for the company is whether the dividend should be paid to investors or not. In addition to dividend policies, companies also consider the company's economic conditions. For example, if the company is about to expand, merge or even experience a decline in profits that cause the company to need or want to minimize capital expenditures, perhaps the distribution of dividends will be postponed or if the company is about to distribute its dividends, the dividends distributed will be very small.

There are several financial ratios that investors can consider before investing in a company, namely Dividend Payout Ratio, Return On Asset, Current Ratio and Firm Size. Dividend Payout Ratio which shows

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the portion of profit that the company decides to give to its shareholders is considered important because investors certainly want to know whether the company pays part of the net profit to investors or not. Return On Asset which is a profitability ratio is used in this study because of its ability to measure the profits generated by the company and reflects the survival of the company. Current Ratio which is a liquidity ratio is used to measure the company's ability to pay its obligations. Firm Size which can be measured from the total assets owned by the company is considered to be a moderating variable between ROA and CR against DPR. This is also reinforced by previous research conducted by Dedy Dwi Arseto (2018) which uses Firm Size as a moderating variable. Although there are still many financial ratio variables that can be used as considerations before investing, the author chooses the most common and crucial variables so that they can be more easily understood by investors.

Table 1.1. Dividend Payout Ratio (DPR), Return On Asset (ROA) and Current Ratio (CR) in construction and building companies in 2016 & 2017

Company Code	Year	ROA	CR	DPR
SSIA	2017	13.3	1.92	7.58
	2016	0.9	1.78	51.32
WIKA	2017	3.52	1.34	17.74
	2016	4.75	1.59	26.48
TOTAL	2017	7.13	1.26	73.72
	2016	7.50	1.28	69.34
ACST	2017	2.90	1.27	40.05
	2016	2.70	1.79	11.4

Source: Indonesia Stock Exchange 2019 (processed data)

Based on table 1.1 above, PT. Surya Semesta Internusa (SSIA) experienced a significant increase and decrease in 2016 and 2017, this can be seen when ROA increased while DPR decreased. For CR, SSIA experienced an increase and DPR decreased as a result. In contrast to SSIA, PT. Wijaya Karya, Tbk (WIKA) had a stable increase and decrease in ROA, CR and DPR in 2016 and 2017. This was evident when WIKA experienced a decrease in ROA and CR, DPR also decreased and vice versa. PT. Total Bangun Persada, Tbk (TOTL) and PT. Acset Indonusa, Tbk (ACST) have similar cases to SSIA, namely experiencing an increase in DPR that was not followed by an increase in ROA and CR. In 2016 and 2017, TOTL and ACST experienced more stable fluctuations compared to SSIA. The table above shows that there are still many companies experiencing an increase in DPR which is also followed by an increase in ROA or CR. This shows a discrepancy between the facts that occur in the field and the theory that has been previously explained.

The purpose of this study is to determine the effect of Return on Assets on Dividend Payout Ratio, the effect of Current Ratio on Dividend Payout Ratio, Return on Assets and Current Ratio on Dividend Payout Ratio and whether Firm Size is able to moderate Return on Assets and Current Ratio on Dividend Payout Ratio.

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II. LITERATURE REVIEW

Return on Asset(ROA)

According to Sudana (2015:22), ROA shows the company's ability to use all assets owned to generate profit after tax. This ratio is important for management to evaluate the effectiveness and efficiency of company management in managing all company assets. The greater the ROA, the more efficient the use of company assets or in other words, with the same amount of assets, greater profits can be generated and vice versa.

According to Hery (2019a:193), the higher the return on assets means the higher the amount of net profit generated from each rupiah of funds invested in total assets. Conversely, the lower the return on assets means the lower the amount of net profit generated from each rupiah of funds invested in total assets.

According to Anwar (2019:177), "Return on Asset (ROA) shows the company's ability to generate net profit on its assets. The higher this number, the more profitable the company is, and conversely, the lower this ratio, the less profitable the company is."

$$Return\ on\ Assets = \frac{Earning\ After\ Tax}{Total\ Assets}$$

Current Ratio(CR)

According to Kasmir (2019b:111), the current ratio is a ratio to measure the company's ability to pay short-term liabilities or debts that are due immediately when billed in their entirety. In other words, how much current assets are available to cover short-term liabilities that are due soon. The current ratio can also be said to be a form of measuring the level of safety (margin of safety) of a company.

$$Current\ Ratio = \frac{\text{Total Aktiva Lancar}}{\text{Total Kewajiban Lancar}}$$

According to Sukamulja (2019:88), the current ratio calculates the company's ability to pay off all short-term liabilities using current assets owned. The current ratio is also often referred to as the working capital ratio. The higher this ratio, the more liquid the company's financial condition. A ratio value of more than one indicates the company's good financial health because the amount of current assets exceeds current liabilities.

According to Jumingan (2014:124), the factors that need to be considered before analyzing the current ratio are as follows:

1) Distribution of current asset items
2) Trend data of current assets and short-term liabilities for a period of 5 or 10 years.
3) Credit terms given by creditors to the company in returning goods, and credit terms given by the company to customers in selling goods.
4) Current value or market value or replacement value of merchandise and the level of collection of receivables.
5) Possibility of changes in the value of current assets.

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6) Changes in inventory in relation to current and future sales volumes.
7) The size of the working capital requirements for the coming year.
8) The amount of cash and securities in relation to working capital requirements.
9) *Credit rating*companies in general.
10) The size of receivables in relation to sales volume.
11) Type of company, whether it is an industrial company, trading company or public utility.

***Dividend Payout Ratio*(DPR)**

According to Hery (2015:170), Dividend Payout Ratio is a ratio that shows the comparison between cash dividends per share and earnings per share. This ratio describes the amount of profit from each share allocated in the form of dividends. Similar to dividend yield, this ratio can also be used as a proxy (approach) in determining dividend policy, which is a decision-making by the issuer regarding the amount of cash dividends to be distributed to shareholders.

$$Dividend\ Payout\ Ratio = \frac{Dividend\ per\ share}{Earnings\ per\ share}$$

According to Musthafa (2017:142), the size of*Dividend Payout Ratio*influenced by:

1) The liquidity of the company concerned, because if the company's liquidity is good, dividends can be distributed in larger amounts, and vice versa, if the company's liquidity is not good, then dividends can be small or may not be distributed as dividends but retained by the company to be retained.
2) The need for funds to pay off debts, if the company will pay off its debts immediately, then dividends can be small or retained earnings, and conversely if the company does not immediately pay off its debts or there are no debts to pay, then dividends can be paid quite large by the company from the profits obtained.
3) The planned investment level, if the company plans a large investment next year, then dividends will not be distributed to shareholders or small dividends, conversely if the company has no plans to invest in the coming year, then larger dividends will be distributed.
4) Supervision, if supervision is carried out on a company in connection with the company's expansion, then usually the company will use its funds from the company's profits for expansion, so if this is done, then the expansion and the company makes a profit, then the profit funds are what are used, so that dividends are small or dividends cannot be paid.
5) Provisions from the Government, usually this is done to state-owned companiesgovernment or state-owned enterprises. If it is determined that the long period must be withheld, then the dividend is not distributed or the dividend is small, and vice versa.

Firm Size

According to Hery (2017a:3), Company size is a scale to classify the size of a company according to various methods, including total assets, total sales, stock market value, and so on. Company size can determine investor perceptions of the company. The larger the company size, the assumption that the company is known to the wider community, making it easier to increase the company's value. Investors tend to pay special attention to large companies because they are considered to have more stable conditions and are easier to obtain internal and external funding sources.

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According to Rodoni and Ali (2017:193), Control data is usually used for the purpose of whether data from the object being studied has certain characteristic differences (or has specific characteristics). The control variables that are often used are*size*. In this case, size usually appears as an explanatory variable. The proxy for size is usually the total assets of the company. Because assets are usually very large in value and to avoid scale bias, the size of the assets needs to be compressed. In general, the proxy for size uses Logarithm (log) or Natural Asset Logarithm.

Firm Size = Ln (Total Assets)

Research Hypothesis

Hypothesis is a temporary assumption or an opinion that is still doubtful and needs to be proven true. Based on the framework of thought that has been stated above, the hypothesis that can be developed in this study is as follows:

H1: Return on Asset affects the Dividend Payout Ratio in Construction and Building Companies listed on the Indonesia Stock Exchange.

H2: Current Ratio affects Dividend Payout Ratio in Construction and Building Companies listed on the Indonesia Stock Exchange.

H3: Return on Asset and Current Ratio affect the Dividend Payout Ratio in Construction and Building Companies listed on the Indonesia Stock Exchange.

H4: Firm Size is able to moderate Return on Asset and Current Ratio on Dividend Payout Ratio in Construction and Building Companies listed on the Indonesia Stock Exchange.

III. RESEARCH METHOD

Location and Time of Research

This study took place at the Indonesia Stock Exchange (www.idx.co.id) and the data studied were data from construction and building sub-sector service companies listed on the Indonesia Stock Exchange for the period 2015-2018. The time of this study was conducted from September 2019 to December 2019.

Population and Sample

The population in this study were construction and building sub-sector service companies listed on the Indonesia Stock Exchange for the observation period 2015 to 2018. The population in this study was 17 companies.

The sample in this study uses a purposive sampling technique, namely by considering certain criteria. The list of companies used as samples in this study amounted to 8 companies with a total observation of 4 years so that the total sample in this study was 32.

Data collection technique

The data collection technique for this study is the documentation study technique. Documentation studies are usually used to collect a number of documents needed as information data materials according to the research problem or variable. In this study, the documentation study in question is data in the form of financial reports published by construction and building sub-sector service companies on the Indonesia Stock Exchange for the period 2015 to 2018.

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Data Types and Sources

This type of research uses secondary data or quantitative data sourced from financial reports published by each construction and building sub-sector service company listed on the Indonesia Stock Exchange.

Research Variables and Operational Definitions

This study includes 2 independent variables, 1 dependent variable and 1 moderating variable. The variables in question are Return on Asset (X1) and Current Ratio (X2) as independent variables, Dividend Payout Ratio (Y) as dependent variable, and Firm Size (Z) as moderating variable.

1. *Return On Asset*(ROA), Shows the return on the amount of assets used in the company (Fahmi, 2015:82).
2. *Current Ratio*(CR), Knowing the extent to which the company's current assets are used to pay off debts and is usually used to measure short-term solvency (Sugiono and Untung, 2019:58).
3. *Dividend Payout Ratio*(DPR), Shows how large a proportion of dividends the company will distribute to shareholders (Murhadi, 2015:65).
4. *Firm Size*,Measuring the size of a company (Hery, 2017a:3).

Data Analysis Techniques

Classical Assumption Test

1. Normality Test

Normality Test is included in the classical assumption test and usually the normality test is used to determine whether the collected data is normally distributed or not. Data that is normally distributed will be considered to be able to represent the population (Priyatno, 2014).

This study uses the P-Plot normality test and the Kolmogorov-Smirnov Test. In the normality test with the P-plot, data can be stated to be normally distributed if the data is spread around the diagonal line and vice versa, while for the Kolmogorov-Smirnov Test, data is said to be normally distributed if the significance value is > 0.05 and vice versa if the significance value is < 0.05 then the data is stated to be not normally distributed.

2. Heteroscedasticity Test

According to Sujarweni (2015:186), "Heteroscedasticity tests the occurrence of differences in residual variance from one observation period to another observation period. How to predict the presence or absence of heteroscedasticity in a model can be seen with the Scatterplot image pattern."

In this study, the heteroscedasticity test that will be used is the Spearman's-Rho method and the Scatterplot graph. The basis for decision making for the Spearman's-Rho heteroscedasticity test is if the significance value is > 0.05 then it is stated that there is no heteroscedasticity problem and it is better. For the Scatterplot graph, the basis for decision making is if there is a certain pattern on the graph then it is stated that heteroscedasticity occurs and if there is no clear pattern on the graph and the points are spread above and below the numbers on the Y axis then it is stated that there is no heteroscedasticity.

3. Multicollinearity Test

According to Sujarweni (2015:185), Multicollinearity test is needed to determine whether there are independent variables that have similarities between independent variables in a model. Similarities between independent variables will result in a very strong correlation. In addition, this test is also to

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avoid habits in the decision-making process regarding the influence of the partial test of each independent variable on the dependent variable. If the resulting VIF is between 1-10, then there is no multicollinearity.

In this study, the multicollinearity test is used to see whether there is a similarity or relationship between the independent variables and the dependent variables. The basis for decision making in the multicollinearity test is to look at the Variance Inflation Factor (VIF) and Tolerance values, if the VIF value <10 and the Tolerance value> 0.1 then it is stated that there is no multicollinearity.

4. Autocorrelation Test

According to Ghozali (2016:107), "The autocorrelation test aims to test whether in the linear regression model there is a correlation between the disturbing error in period t and the error in period t1 (previously). If there is a correlation, then it is called a correlation problem."

The autocorrelation test in this study uses the Autocorrelation Runs Test, where the Runs Test is part of non-parametric statistics used to test whether there is a high correlation between residuals and to see whether the residual data occurs randomly or not systematically (Ghozali, 2016). The basis for decision making for the autocorrelation test is if the significance value is > 0.05 then it is stated that there is no autocorrelation.

Moderated Regression Analysis (MRA)

According to Ghozali (2016:213), "A moderating variable is an independent variable that will strengthen or weaken the relationship between other independent variables and the dependent variable."

Moderated regression analysis has the following equation formula:

$$\mathbf{Y = \alpha + \beta1X1 + \beta2X2 + \varepsilon \ldots\ldots (1)}$$

$$\mathbf{Y = \alpha + \beta1X1 + \beta2X2 + \beta3Z + \varepsilon \ldots\ldots (2)}$$

$$\mathbf{Y = \alpha + \beta1X1 + \beta2X2 + \beta3Z + \beta4X1Z + \beta5X2Z + \varepsilon \ldots\ldots (3)}$$

Information :

Y = Predicted value
α = Constant
β1 = Regression coefficient for X1
β2 = Regression coefficient for X2
β3 = Moderation regression coefficient for Z
β4 = Regression coefficient X1Z
β5 = Regression coefficient X2Z
ε = Residual Value
X = Independent Variable
Z = Moderation Variable

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According to Ghozali (2016:214) there are several types of moderating variables, namely:

Table 3.4. Types of Moderator Variables

	Related to criteria (Y) and or predictors (X)	Not related to criteria (Y) and predictors (X)
Does not interact with predictor (X)	**1 Intervening, Exogenous, Antecedent, Predictor (X)**	**2 Moderators (Homologizers)**
Interact with predictor (X)	**3 Moderators (Quasi Moderators)**	**4 Moderators (Pure Moderators)**

Source: Ghozali (2016:214)

In accordance with the moderated regression equation formula and the table of types of moderating variables above using the Moderated Regression Analysis approach, it can be explained as follows:

1) Quadrant 1, if equation (2) β3Z, β3 is significant and equation (3) β4X1Z and β5X2Z, β4 and β5 are not significant then variable Z is not a moderator variable, but it is an independent, intervening, exogenous, antecedent or predictor variable (X).
2) Quadrant 2, if equation (2) β3Z, β3 is not significant and equation (3) β4X1Z and β5X2Z, β4 and β5 are significant then Z is a pure moderator (Z is a pure moderator variable).
3) Quadrant 3, if equation (2) β3Z, β3 is not significant and equation (3) β4X1Z and β5X2Z, β4 and β5 are not significant then variable Z is a moderator homologizer.
4) Quadrant 4, if equation (2) β3Z, β3 is significant and equation (3) β4X1Z and β5X2Z, β4 and β5 are significant then the Z variable is a quasi moderator.

t-test

According to Ghozali (2016:171), "Partial tests are used to determine the effect of each independent variable on the dependent variable." In this study, the t-test will be used to test the difference in the means of the two sample groups.

The basis for decision making for the t-test is a significance value < 0.05 then the hypothesis can be accepted and a significance value > 0.05 then the hypothesis is rejected or if the t-count value > t-table then the hypothesis can be accepted and vice versa.

F Test

According to Ghozali (2016:171), "The simultaneous influence test is used to determine whether the independent variables jointly or simultaneously influence the dependent variable."

The basis for decision making for the F test is a significance value < 0.05 then the hypothesis can be accepted and a significance value > 0.05 then the hypothesis is rejected.

Coefficient of Determination Test

According to Purwanto and Sulistyastuti (2017:195), the value of the coefficient of determination is in the form of a percentage, which shows the percentage of variation in the value of the dependent variable that can be explained by the regression model. If the value of the coefficient of determination in the regression model is getting smaller (approaching zero), it means that the influence of all independent variables on the dependent variable is getting smaller. Or in other words, a small R2 value

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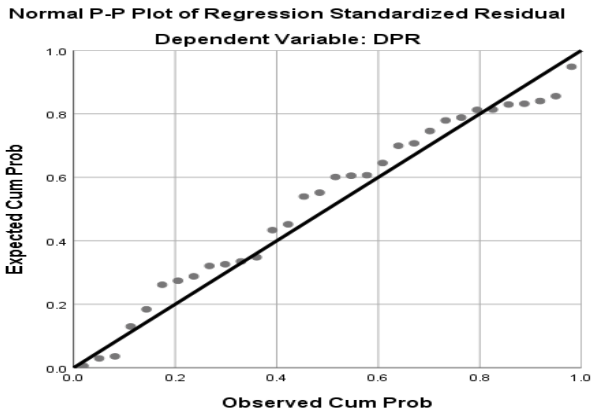
means that the ability of all independent variables to explain the dependent variable is very limited. Conversely, if the R2 value is getting closer to 100%, it means that all independent variables in the model provide almost all the information needed to predict the dependent variable or the influence of all independent variables on the dependent variable is getting bigger.

IV. RESEARCH RESULTS AND DISCUSSION

Classical Assumption Test

1. Normality Test

P-Plot Test



Source: SPSS Output

Figure 4.1. P-plot Normality Test

In the P-plot image above, it can be seen that the sample data used is spread around the diagonal line so that the data can be said to be normally distributed.

Kolmogorov-Smirnov Normality Test

In the Kolmogorov-Smirnov table above, the Unstandardized Residual value has a significance value (Asymp. Sig.) of 0.200. Because the significance value is > 0.05, the data is said to be normally distributed.

Table 4.1. Normality Test of KS Method

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		32
Normal Parametersa,b	Mean	.0000000
	Std. Deviation	.57004775
Most Extreme Differences	Absolute	.106
	Positive	.101
	Negative	-.106
Test Statistics		.106
Asymp. Sig. (2-tailed)		.200c,d

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Source: SPSS Output (Processed Data)

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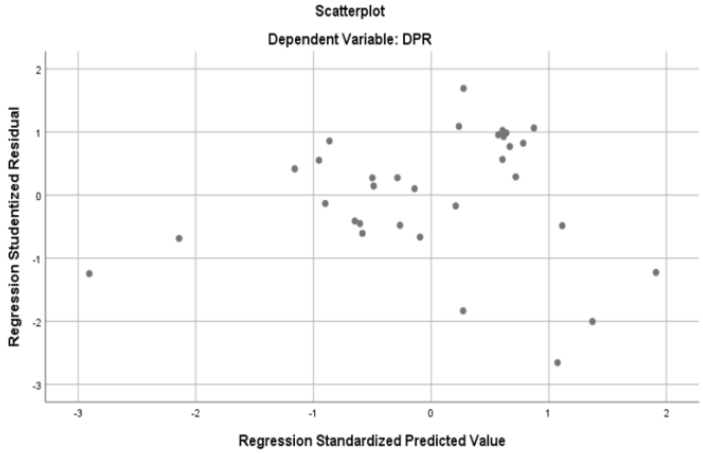
2. Heteroscedasticity Test

Scatterplot Heteroscedasticity Test



Source: SPSS Output

Figure 4.2. Scatterplot Heteroscedasticity Test

Based on the Scatterplot graph above, it can be seen that the points do not form a particular pattern and the points are spread above and below the Y axis so that it is stated that there is no heteroscedasticity.

Spearman Rho's Heteroscedasticity Test

In the Spearman's-Rho heteroscedasticity test below, it can be seen that the significance value in the "Unstandardized Residual" row of the ROA variable is 0.737, CR is 0.678 and FS is 0.801 which means > 0.05 so that it is stated that there is no heteroscedasticity.

Correlations

			ROA	CR	FS	Unstandardized Residual
Spearman's rho	ROA	Correlation Coefficient	1.000	.298	-.350*	.062
		Sig. (2-tailed)	.	.097	.050	.737
		N	32	32	32	32
	CR	Correlation Coefficient	.298	1.000	-.689**	.076
		Sig. (2-tailed)	.097	.	.000	.678
		N	32	32	32	32
	FS	Correlation Coefficient	-.350*	-.689**	1.000	-.046
		Sig. (2-tailed)	.050	.000	.	.801
		N	32	32	32	32
	Unstandardized Residual	Correlation Coefficient	.062	.076	-.046	1.000
		Sig. (2-tailed)	.737	.678	.801	.
		N	32	32	32	32

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output

Figure 4.3 Spearman Rho's Heteroscedasticity Test

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3. Multicollinearity Test

Multicollinearity test is needed to determine whether there are independent variables that have similarities between independent variables in a model. The basis for decision making in this study is by looking at the Variance Inflation Factor and Tolerance values, if the VIF value <10 and the Tolerance value> 0.1 then it is stated that there is no multicollinearity.

In the coefficients table under the Collinearity Statistics column, it can be seen that the tolerance value on the ROA variable has a value of 0.792, CR has a value of 0.562 and FS has a value of 0.632. While the VIF value on the ROA variable has a value of 1.263, CR has a value of 1.778 and FS has a value of 1.582. Because the tolerance value> 0.1 and the VIF value <10, it is stated that there is no multicollinearity.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
		B	Std. Error	Beta	Tolerance	VIF
1	(Constant)	7.900	1.220			
	ROA	-.100	.035	-.456	.792	1.263
	CR	-.567	.281	-.387	.562	1.778
	FS	-.341	.102	-.602	.632	1.582

a. Dependent Variable: DPR

Source: SPSS Output (Processed Data)

Figure 4.4 Multicollinearity Test

4. Autocorrelation Test

In the Runs Test table below, in the unstandardized residual column, it can be seen that the significance value (Asymp Sig) is 0.369, which means > 0.05, so it is stated that there is no autocorrelation.

Runs Test

	Unstandardized Residual
Test Value[a]	.11575
Cases < Test Value	16
Cases >= Test Value	16
Total Cases	32
Number of Runs	20
Z	.898
Asymp. Sig. (2-tailed)	.369

a. Median

Source: SPSS Output (Processed Data)

Figure 4.5. Autocorrelation Test Runs Test

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Moderate Regression Analysis (MRA)

1. The results of testing equation (1) $Y = \alpha + \beta1X1 + \beta2X2 + \varepsilon$

Equation 1 is a multiple linear analysis equation, because the variables tested are only the ROA (X1) and CR (X2) variables against DPR (Y) and there are no moderating variables.

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	4.028	.421		9.563	.000
	ROA	-.091	.041	-.417	-2.227	.034
	CR	-.060	.274	-.041	-.218	.829

a. Dependent Variable: DPR

Source: SPSS Output

Figure 4.6. Regression Equation 1

Based on the test results above, the regression equation obtained is $Y = 4.028 - 0.091ROA - 0.060CR + \varepsilon$

The constant value (α) is 4.028 indicating that if ROA (X1) and CR (X2) are stated as constant at 0, then the DPR (Y) value increases by 4.028. The regression coefficient (β1) on ROA is -0.091 and has a negative relationship with DPR, meaning that if the ROA value increases by 1 unit, the DPR value will decrease by 0.091 assuming that other independent variables are constant. The regression coefficient (β2) on CR is -0.060 and has a negative relationship with DPR, meaning that if the CR value increases by 1 unit, the DPR value will decrease by 0.060 assuming that other independent variables are constant.

2. The results of testing equation (2) $Y = \alpha + \beta1X1 + \beta2X2 + \beta3Z + \varepsilon$

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	7.900	1.220		6.477	.000
	ROA	-.100	.035	-.456	-2.819	.009
	CR	-.567	.281	-.387	-2.014	.054
	FS	-.341	.102	-.602	-3.325	.002

a. Dependent Variable: DPR

Source: SPSS Output

Figure 4.7. Moderation Regression Equation 2

Based on the test results above, the regression equation obtained for the second regression equation is $Y = 7.900 - 0.100ROA - 0.567CR - 0.341FS + \varepsilon$

The constant value (α) is 7.900 indicating that if ROA (X1), CR (X2) and FS (Z) are stated as constant at 0, then the DPR (Y) value increases by 7.9. The regression coefficient (β1) on ROA is -0.100 and has a negative relationship with DPR, meaning that if the ROA value increases by 1 unit, the DPR value will decrease by 0.1 assuming that other independent variables are constant. The regression coefficient (β2) on CR is -0.567 and has a negative relationship with DPR, meaning that if the CR value increases by 1 unit, the DPR value will decrease by 0.567 assuming that other independent variables

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are constant. The regression coefficient (β3) on FS is -0.341 and has a negative relationship with DPR, meaning that if the FS value increases by 1 unit, the DPR value will decrease by 0.341 assuming that other independent variables are constant.

3. The results of testing equation (3) Y = α + β1X1+ β2X2 + β3Z + β4X1Z + β5X2Z + ε

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	9.711	2.827		3.436	.002
	ROA	-.049	.372	-.225	-.132	.896
	CR	-2.224	2.523	-1.518	-.882	.386
	FS	-.584	.356	-1.031	-1.639	.113
	MRA_1	-.006	.045	-.209	-.131	.897
	MRA_2	.217	.323	.921	.672	.508

a. Dependent Variable: DPR

Source: SPSS Output

Figure 4.8. Moderation Regression Equation 3

Based on the test results above, the regression equation obtained for the third regression equation is Y = 9.711 – 0.049ROA – 2.224CR – 0.584FS – 0.06MRA_1 + 0.217MRA_2. MRA_1 is the product of ROA (X1) with FS (Z) and MRA_2 is the product of CR (X2) with FS (Z).

The constant value (α) is 9.711 indicating that if ROA (X1), CR (X2) and FS (Z) are stated as constant at 0, then the DPR (Y) value increases by 9.711. The regression coefficient (β1) on ROA is -0.049 and has a negative relationship with DPR, this means that if ROA increases by one unit, the DPR value will decrease by 0.049 assuming that other independent variables are constant. The regression coefficient (β2) on CR is -2.224 which has a negative relationship with DPR, this means that if CR increases by one unit, the DPR value will decrease by 2.224 assuming that other independent variables are constant. The regression coefficient (β3) on FS is -0.584 which has a negative relationship with DPR, this means that if FS increases by one unit, the DPR value will decrease by 0.584 assuming that other independent variables are constant. The regression coefficient (β4) on the interaction between ROA and FS is -0.006 which has a negative relationship to DPR, this means that if the result of the interaction between ROA and FS increases by one unit, the DPR value will decrease by 0.006 assuming that other independent variables are constant. The regression coefficient (β5) on the interaction between CR and FS is 0.217 which has a positive relationship to DPR, this means that if the result of the interaction between CR and FS increases by one unit, the DPR value will increase by 0.217 assuming that other independent variables are constant.

Based on the basis of decision making and the results of testing equations (2) and (3), it can be concluded that in equation (2) β3Z which is the regression coefficient for FS (Z) has a significant value, while in equation (3) β4X1Z which is the regression coefficient for the interaction results between ROA and FS and β5X2Z which is the regression coefficient for the interaction results between CR and FS have insignificant values, so FS is stated to be only related to ROA, CR and DPR but does not interact with ROA and CR. Therefore, according to the types of moderator variables, FS is in quadrant 1 and can only act as an intervening, exogenous, antecedent, or predictor variable (X).

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DISCUSSION

The Effect of Return on Assets on Dividend Payout Ratio

The results of this study state that ROA has a significant and negative effect, so the hypothesis (H1) which states "Return on Assets has an effect on Dividend Payout Ratio in Construction and Building Companies listed on the Indonesia Stock Exchange." can be accepted.

Although a company that has a large ROA usually has good company performance because the company's rate of return on investment in assets is getting bigger. When the company's ROA increases, it allows the company to pay larger dividends to its shareholders. Looking at the data of construction and building companies that have DPR and ROA that fluctuate every year and not all construction and building companies experience an increase in ROA followed by an increase in DPR, the author suggests that companies can implement a stable dividend policy in accordance with the alternative dividend policy theory put forward by Hamidah (2019) on the grounds that the stock market price is higher and shareholders prefer to receive dividends in a stable amount and expect a premium on the shares.

The results of this study are in line with the theory put forward by Anwar (2019), ROA shows the company's ability to generate net profit on its assets. The higher this number, the more profitable the company is, and conversely, the lower this ratio, the less profitable the company is. The results of this study are also in accordance with research conducted by Arseto (2018) which states that ROA has a significant and negative effect on DPR in construction and building companies listed on the Indonesia Stock Exchange.

The Effect of Current Ratio on Dividend Payout Ratio

The results of this study indicate that CR does not affect DPR and in accordance with the results of the study, the hypothesis (H2) which states "Current Ratio affects Dividend Payout Ratio in Construction and Building Companies listed on the Indonesia Stock Exchange." must be rejected.

Based on the current ratio data on construction and building companies used by researchers, almost all companies have Although the current ratio is low, the value does not affect the amount of DPR paid by the company. This shows that these companies are committed to continuing to pay dividends so that dividend payments are not affected by current assets and current liabilities.

The results of this study are not in line with the theory put forward by Sunyoto and Susanti (2015) which states that the greater the company's overall cash and liquidity position, the greater the company's ability to pay dividends. However, the results of this study are in line with research conducted by Wahyuni and Hafiz (2018) which states that CR does not affect DPR in manufacturing companies listed on the IDX.

*Firm Size*able to moderate Return on Asset and Current Ratio against Dividend Payout Ratio

Based on the results of the analysis above, in the regression equation 3 the results of the interaction test (MRA variable) show insignificant results. Therefore, Firm Size (FS) is not able to moderate Return on Asset (ROA) and Current Ratio (CR) on Dividend Payout Ratio (DPR) so that the hypothesis (H4) which states "Firm Size is able to moderate Return on Asset and Current Ratio on Dividend Payout Ratio." must be rejected. The inability of firm size to moderate ROA and CR is because in the study of construction and building companies, firm size can only act as a predictor, not

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a moderating variable. This is evidenced by the results of regression equation 2 which shows a significant firm size value on DPR so that firm size is stated to only be able to act as a predictor variable (X).

*Firm size*in this study it is stated to have a relationship with variable Y. Small companies that have just been established grow faster and are more likely to pay low DPR because the company reinvests most of its income into the business for future expansion and growth. Meanwhile, large and long-established companies tend to have relatively high DPR because the company feels no need to have a high percentage of income for business expansion because the company is considered mature and established. Although large companies tend to have high DPR, the size of the company does not guarantee that the company will distribute dividends every year. This still needs to be adjusted to the dividend policy of each company. If a company has a policy to distribute dividends every year but the company experiences a decline in income or is in need of capital to develop the company, the DPR distributed can also be small.

V. CONCLUSION AND SUGGESTIONS

Conclusion

The conclusions that can be drawn from the results of the research and discussion that has been carried out are as follows:following:

1. It is partially stated that*Return on Asset*has a significant and negative effect on the Dividend Payout Ratio in construction and building companies listed on the Indonesia Stock Exchange for the 2015-2018 period.
2. It is partially stated that*Current Ratio*has no effect on the Dividend Payout Ratio in construction and building companies listed on the Indonesia Stock Exchange for the 2015-2018 period.
3. *Return on Asset*and Current Ratio simultaneously have a significant effect on the Dividend Payout Ratio in construction and building companies listed on the Indonesia Stock Exchange for the 2015-2018 period.
4. *Firm Size*which is used as a moderating variable, based on the results of the moderation regression analysis and the basis for decision making in this study, it cannot be used as a moderating variable but can only be used as a predictor variable (X).

Suggestion

Based on the conclusions that have been given, the researcher's suggestions are as follows:following:

1. Investors will certainly pay attention to the ratio*return on assets*in the company. Therefore, companies are advised to be able to optimize return on assets by improving company performance and being more effective in using assets to gain profit so that the return on assets value is well maintained and investors are more positive in choosing companies to invest their capital.
2. Although the results of this study*current ratio*does not affect the dividend payout ratio, companies are advised to increase the current ratio value by paying off the company's obligations because in the construction and building sector it can be seen that the current ratio of these companies is included in the low category.
3. *Return on Asset*and the Current Ratio of construction and building companies fluctuates every year, so it is recommended that companies can balance the increase in profits and company debt so that the ratio is more controlled.

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4. Small companies or large companies can implement dividend policies that are appropriate to the company's circumstances so that dividend distribution remains consistent and controlled so that even though the company is small, investors can still consider investing in the company.

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