INTERNATIONAL JOURNAL OF TRENDS IN ACCOUNTING RESEARCH

Determinants of Liquidity, Profitability, Debt Policy, and Dividend Policy towards The Recovery of Sharia Stock Company Value

Musa Fernando Silaen[1], Supitriyani[2]*

[1,2,] Accounting Study Program, Sekolah Tinggi Ilmu Ekonomi Sultan Agung, Indonesia

A R T I C L E I N F O

A B S T R A C T

The purpose of this study is to find out the picture of liquidity, profitability, debt policy, dividend policy and company value, as well as to determine the determination between liquidity, profitability, debt policy, dividend policy in recovering company value both simultaneously and partially. This research uses qualitative descriptive analysis methods as well as quantitative descriptive analysis. Hypothesis test with simultaneous test (Test F), the results were obtained that liquidity, profitability, debt policy and dividend policy have a significant effect on the company's value in the Jakarta Islamic Index Company. Hypothesis test with partial test (Test t), it was obtained that liquidity and debt policy have an insignificant effect on company value, while profitability and dividend policy have an effect and significantly affect the company's value on the Jakarta Islamic Index. Companies should be able to pay attention to the company's ability to generate profits and optimize the use of external financing (debt management) and the company should be more optimal in distributing profits to shareholders or saving profits owned to invest them in the future. In addition, companies should also better understand business conditions such as the company's strengths and opportunities to make a profit and be able to increase the value of the company in the future.

1. INTRODUCTION

The company's growth globally continues to increase every year both in terms of increasing the population and economic growth. With this development, many investors are competing to invest their funds into companies that are considered competent. However, with the Covid-19 pandemic, many companies have experienced a decline in stock prices, including Sharia stocks. Despite being affected by Covid-19, Islamic stocks are slowly able to bounce back until the number of investors increases every year. Based on KSEI data, the number of investors in November 2020 reached 3.5 million investors, an increase of 47 percent compared to 2019 of 2.4 million investors (Fathony, 2020).

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Corresponding Author.
*Email: vitriql@gmail.com

The number of Sharia shares also increased by 85% to 469 shares when compared to the number of shares in 2011 of 253 shares (Intan and Hidayat, 2021). In addition, based on product statistics as of October 29, 2021, it shows the capitalization value of sharia shares of IDR 3,683 trillion, the value of outstanding corporate sukuk of IDR 34.98 trillion, the value of outstanding state sukuk of IDR 1,152 trillion, and the net asset value of sharia mutual funds of IDR 40.95 trillion. (OJK, 2021)
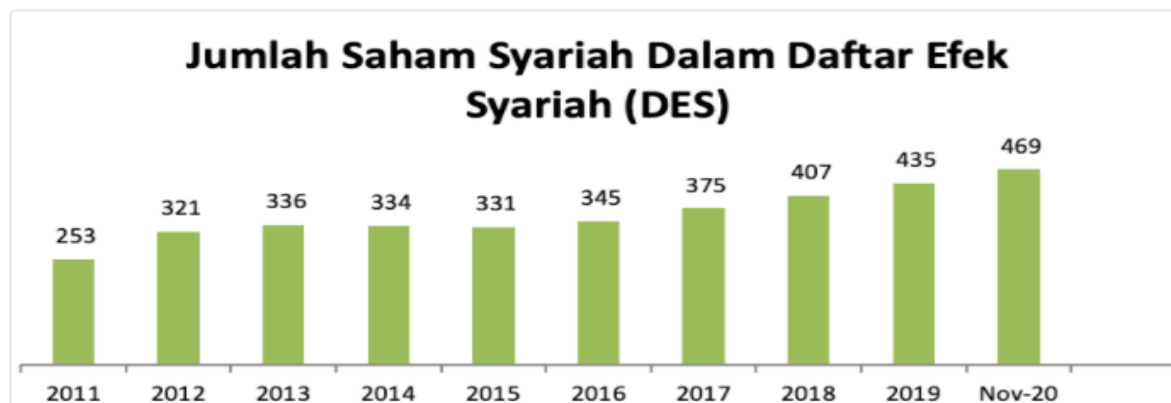
Source : www.idx.co.id (2021) (Fathony, 2020)
Figure 1. Number of Sharia Shares in the Sharia Securities List (DES)

Based on this data, investors need to know the factors for determining the recovery of company value in making investment decisions in terms of liquidity, profitability, debt policy and dividend policies implemented by Islamic stock companies. With the determination of the right investment decision, it is expected to increase the value of the company, which is reflected in the market price of the company's shares on the stock exchange which is realized in the form of company value. This research is supported by the results of studies concluded by (Rajagukguk et al., 2019; Tambunan et al., 2019; Amaliyah and Herwiyanti, 2020; Kurniawan, 2020; Sukarya and Baskara, 2019; Sudiani and Darmayanti, 2016; Thaib and Dewantoro, 2017; Syahputra, 2015).

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Liquidity

Liquidity is a component of the company's finances that is quite dominant because it can show the company's ability to pay its short-term liabilities. According to (Sudana, 2011; Supitriani et al., 2020), Liquidity ratio is a ratio used to see the strength of the company to meet short-term financial obligations. In this study, the parameter used to measure liquidity is QR, which is a ratio to see if the company has current assets without selling inventory to cover short-term liabilities.

Profitability

In general, investors are more focused on the profitability of a company in assessing the feasibility of a company to invest. Stated by (Sudana, 2015), profitability is a measure of a company's strength to profit from using resources including assets, capital, and business sales. In this study, the parameter used to measure profitability was ROA. This ratio is able to show the company's strength in using its assets to obtain profit after tax.

Debt Policy

The financial structure of the company is a composition of the level of debt and equity owned by the company (Gatot Nazir Ahmad, Rizal Lullah and M. Edo S. Siregar, 2020). According to (Purnomo, 2017), Debt policy is a guideline for determining how much a

company's funding needs are covered by debt. In this study, the parameter used to measure debt policy is DER, namely the ratio used to determine the company's ability to meet its operational needs financed by debt.

Dividend Policy

Dividend policy has its own influence on a company, because it concerns the distribution of operating returns on investments invested in the company, the distribution of dividends that are high and as expected, is actually able to increase the value of the company. According to (Darmawan, 2018) dividends are the distribution of profits to shareholders according to many shares. In this study, the parameter used to measure dividend policy is the DPR, which is the ratio used to see the amount of net profit after tax is paid as dividends to shareholders.

Company Values

Company value can be interpreted as a form of company achievement that comes from public trust in the company's performance. Company value is used to measure the success of the company because with the increase in the value of the company, the prosperity of the company owner and shareholders will also increase (Tio Friska Simanjuntak et al., 2019). Stated by (Sartono, 2016) Company value is the goal of maximizing the company which can be achieved by maximizing the current value. In this study, the parameter used to measure the value of the company is PER, which is this ratio used to see how investors assess the company's future growth prospects, and it can be seen in the share price that financiers are willing to pay for each profit.

Effect of Liquidity, Profitability, Debt Policy and Dividend Policy on Company Value Recovery

Dividend policy debt policy, profitability and liquidity can all affect the value of the company. According to Brigham and Houston, (2010), if liquidity, asset management, debt management and profitability are good, and maintained, market figures and rates should also increase. The more companies pay dividends, so does the company's market rate per share. Atmaja, (2010) said the value of the company is set profitability.the greater the profitability, the company's profit will be high. In addition, it can also be stated that debt can save on taxes paid on corporate income tax. The relationship between the amount of debt and the value of the company is positive, that is, the more debt, the higher the value of the company. Sudana, (2015), says dividend policy has a positive impact on price per share. The formulation of the hypothesis in this study is:

H1 = Determinants of liquidity, profitability, debt policy and dividend policy towards the recovery of the company's value.

3. RESEARCH METHOD

The research design used is a study of documentation and literature. The object of the study taken was the financial statements of the Jakarta Islamic Index Company for the period 2015-2019. Secondary research data is data obtained from www.idx.co.id websites, www.idnfinancials.com, and other sources. Data is collected using documentation techniques. Data analysis techniques are testing klasic assumptions, multiple linier regression and, correlation coefficients, and determination as well as hypothesis testing.

4. RESULTS

Table 1 Multiple Linear Regression Results

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
	(Constant)	4.013	6.154	
	QR	2.355	1.952	.136
1	ROA	71.202	11.932	.617
	DAR	.906	6.947	.014
	DPR	13.430	4.352	.318

Source: Data Processing Results (SPSS 21)

The model of the obtained multiple linear regression equation is:
$\hat{Y}$ = 4,013 + 2,355 X1 + 71,202 X2 + 0,906 X3 + 13,430 X4

The regression equation can be interpreted to mean that liquidity, profitability, debt policy and dividend policy have a positive influence on the value of the company on the Jakarta Islamic Index Company.

Correlation Coefficient and Coefficient of Determination
Correlation coefficient analysis is used to find out whether or not the relationship of the value of the company (Y) is strong with liquidity, profitability, debt policy and dividend policy (X). While the coefficient of determination is useful to know how much the ability of a free variable to explain a bound variable.

Table 2 Results of Correlation Coefficients and Coefficients of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.828[a]	.685	.663	6.4135394

Source: Data Processing Results (SPSS 21)

It is known that the value of the correlation coefficient is 0.828. This shows that the relationship between liquidity, profitability, debt policy and dividend policy with company value is at a very strong level in the Jakarta Islamic Index. While the determination value (R Square) shows the number 0.663 or 66.30%. This means that the high and low value of the company can be explained by liquidity, profitability, debt policy and dividend policy of 66.30% and the remaining 33.70% is explained by other variables or other factors that were not studied in this study.

This test is performed to test the magnitude of the influence of free variables and bound variables together (simultaneously). By using the limit of the significant level of α = 0.05.

Table 3 Calculation F Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	4930.402	4	1232.601	29.9 66	.000[b]
1	Residual	2262.342	55	41.133		
	Total	7192.744	59			

Source: Data Processing Results (SPSS 21)

Obtained the calculated F value of 29.966 and using the table F obtained Ftabel (n)=60, (k)=4 means n-k-1 (60–4–1 = 55) a total of 2.54. Means Fhitung > Ftabel or 29,966 > 2.54. The value of Sig. = 0.000 < 0.05, then H0 is rejected, the result is that liquidity, profitability, debt policy and dividend policy have a significant effect on the value of the company.

Table 4 Calculation t Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	4.013	6.154		.652	.517
	QR	2.355	1.952	.136	1.206	.233
1	ROA	71.202	11.932	.617	5.967	.000
	DAR	.906	6.947	.014	.130	.897
	DPR	13.430	4.352	.318	3.086	.003

Source: Data Processing Results (SPSS 21)

Obtained the significance value of liquidity variables of 0.233 < 0.05, then H0 is accepted, the result is that liquidity has an insignificant effect on the value of the company. The value of the significance of the profitability variable is 0.000 < 0.05, then H0 is rejected, the result is that profitability has a significant effect on the value of the company. The significance value of the debt policy variable is 0.897 < 0.05, then H0 accepts, the result is that the debt policy has an insignificant effect on the value of the company. While the value of the dividend policy variable significance is 0.003 < 0.05, then H0 is rejected, the result is that the dividend policy has a significant effect on the value of the company.

Test of Classical Assumptions

In this study the authors used the Kolmogrov-Smirnov normality test using statistical non-parametric calculations. In this normality test, the data are said to be normally distributed if the value of asymp.sig.2 tailed at the output of one sample kolmogrov-smirnov test is above 0.05.

Table 5. Residual Normality Test Results

		Unstandardized Residual
N		60
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	6.19231594
Most Extreme Differences	Absolute	.058
	Positive	.056
	Negative	-.058
Kolmogorov-Smirnov Z		.449
Asymp. Sig. (2-tailed)		.988

Source: Data Processing Results (SPSS 21)

Based on the normality test of the Kolmogorov-Smirnov Test One-Sample above, it can be seen that the value of Asymp. Sig. (2-tailed) residual unstandardized variable of 0.988 which means that the residual unstandardized value is greater than 0.05. Thus, it can be concluded that the data is standardized with normal distribution.

The multicholinearity test is used to check that models in regression have a high correlation between free variables. If the regression model produces a high correlation between free variables, the regression model is said to contain symptoms of multicholinearity with Tolerance (TOL) and Variance Inflation Factor (VIF) coefficients. The value used to see multicholinearity is the tolerance value > 0.10.

Table 6. Multicholinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	QR	.453	2.209
	ROA	.534	1.871
	DAR	.500	1.998
	DPR	.537	1.861

Source: Data Processing Results (SPSS 21)

It can be known that the TOLL values of the four variables are above 0.1, namely 0.537, 0.500, 0.534, 0.453 > 0.1 while the VIF values of the four variables are less than 10, namely 1.861, 1.998, 1.871, 2.209 < 10. Thus the conclusion can be drawn that the regression model has no symptoms of multicolinearity.

The heteroskedasticity test that the author used in this study was to use a graph analysis method that observed scatterplot where the horizontal axis describes the standardized predicated value with the vertical axis describing the studentized residual value. If the scatterplot spreads randomly, then it shows that there is no heteroskedasticity problem in the regression method formed. When scatterplots form a certain pattern, this indicates a heteroskedasticity problem.
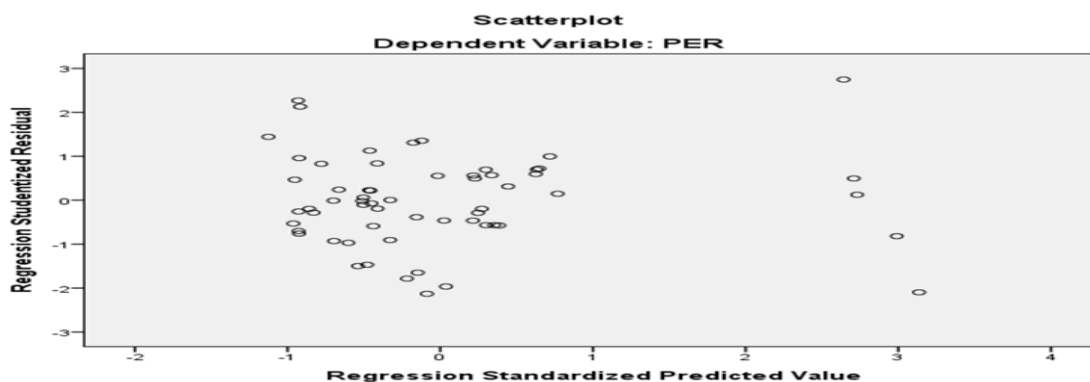
Source: Data Processing Results (SPSS 21)

Figure 2 Heteroscedasticity Test Results

In the figure above, it can be seen that the dots are spreading randomly, above or below the zero on the Y axis.

The autocorrelation test is used to determine the correlation between members of a series of observational data that is deciphered by time (times series) or space (cross section). In this study, the autocorrelation test conducted by the author used the Durbin-Waston method.

Table 7 Autocorrelation Test Results

Model	Durbin-Watson
1	1,922

Source: Data Processing Results (SPSS 21)

It is known that the value of Durbin – Watson amounted to 1,922. Based on the Durbin – Watson table for data of 60 as well as free variables k=4, obtained dl=1.4443, 4-dl=2.557, du=1.7274 and 4-du=2.2726. Then the Durbin-Watson test value in "du<d<4-du" can be decomposed at 1.7274< 1.922< 2.2726. That way it can be known that the results of the autocorrelation test do not have negative positive autocorrelations with the decision not being rejected.

5.   CONCLUSION

Hypothesis test with simultaneous test (Test F), the results were obtained that liquidity, profitability, debt policy and dividend policy have a significant effect on the company's value in the Jakarta Islamic Index Company. Hypothesis test with partial test (Test t), it was obtained that liquidity and debt policy have an insignificant effect on company value, while profitability and dividend policy have an effect and significantly affect the company's value on the Jakarta Islamic Index.

Companies should be able to pay attention to the company's ability to generate profits and optimize the use of external financing (debt management) and the company should be more optimal in distributing profits to shareholders or saving profits owned to invest them in the future. In addition, companies should also better understand business conditions such as the company's strengths and opportunities to make a profit and be able to increase the value of the company in the future.

LIMITATION

In connection with the limitations of the author, this study still has some weaknesses and has not used all existing financial ratio models. Therefore, the authors expect for future research to add or use other ratio models in restoring company value such as the activity ratio and leverage model and examine other factors that are beyond the author's control. In addition, researchers can then replace variables or increase the year, so that it is hoped that they will get more maximum research results in the future.

ACKNOWLEDGMENT

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