Social Impact Journal, Vol. 3 No. 2, 2024, pp: 15-21
http://journal.goresearch.id/index.php/sij/index
ISSN 2987-8136.

SOCIAL IMPACT JOURNAL

Analysis of Capital Structure Dividend Policy on Shariah Indexed in Indonesia

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Received: 3 Juli 2024 | Accepted:11 Agustus 2024 | Published: 31 Desember 2024

Abstract
This study analyses the level of influence of Debt to Equity Ratio (DER) and Dividend Payout Ratio (DPR) on Price to Book Value (PBV) at PT Elnusa Tbk during the period 2012-2022. The purpose of this study is to determine the extent to which capital structure and dividend policy affect the company's market value, especially in companies operating according to sharia principles listed on the Jakarta Islamic Index. Through multiple linear regression analysis, the results showed that DER and DPR had no significant effect on PBV, either individually or simultaneously. These two variables contribute 14.4% to PBV, which indicates that other factors have a more dominant influence in determining the company's PBV value. This finding illustrates that decisions related to capital structure and dividends at PT Elnusa Tbk do not directly affect the company's market value, so other factors need to be considered in the company's financial strategy.

Keywords: *Debt to Equity Ratio, Dividend Payout Ratio, Price to Book Value, PT Elnusa Tbk, Sharia Finance.*

1. INTRODUCTION

Gitman defines a company's capital structure as describing the comparison between the amount of debt and equity capital used by the company. A manager must be more careful in making funding decisions for a company related to capital structure. This capital structure decision can influence a company's performance and ultimately will affect the achievement of the goal of maximizing shareholder welfare.

Investment decisions, dividend policy, and funding decisions are the three main decisions in financial management. Funding decisions are one of the most important things faced by a company, funding decisions are the center of other decisions in financial management (Nurmadi, 2013). In order for the company's activities to run smoothly, the company needs to meet its capital and asset needs, When a financial manager manages company funding, he will be faced with preparing the company's capital structure (Riyanto, 2011). states that capital structure is a comparison between long-term debt and own capital. Companies are concerned with selecting alternative sources of funds (internal and external) when determining capital structure decisions.It is a goal that is highly hoped for by external and internal parties of a company which can have a good impact on the company and parties who have an interest in the company, including investors, shareholders and creditors (Sari et all., 2016). Carrying out a financial management function in a company is an important action and goal of a company. Optimal collaboration from a management decision can optimize the value of a company which will influence the prosperity of shareholders (Niake, 2010) .The next policy which concerns company value is investment decisions. The most difficult decision for company management is

carrying out an investment activity because it can affect the value of a company (Even, 2002).

For companies, it is very important to determine whether more of the company's profits will be used to pay dividends than to pay dividends retained earning or vice versa . The decision to distribute dividends is a problem that companies often face. Management often has difficulty deciding whether to distribute dividends or retain profits to reinvest in profitable projects to increase the growth of a company.

Capital structure is a determination of capital composition, which refers to the comparison between debt and own capital, in other words capital structure is a result or consequence of funding decisions. financing decision. Bigham and Houston define capital structure as a mix of common shares, preferred shares and debt. Then other experts, namely Suad Husnan, defined capital structure as a comparison or balance between own capital and foreign capital. Capital structure is a very important issue in making decisions regarding company spendin (Husnan et all., 2006). Companies that have a high level of profit generally use internal company funds to meet investment needs, where the company does not need external funds and the debt level is low (Hudan et all., 2016). According to Riyanto, dividend policy related to determining the income (earnings) related to financing for investors as dividends or retained earning . The difference between dividend payout ratio with earnings per share it can be explained for calculating dividends. The greater it is dividend payout ratio This means that the profits for shareholders will increase, but for management it will reduce the company's internal funding sources because retained earnings will be reduced, so that the funds available to reinvest in the company will be lower, which means that the company's growth will be hampered by the company's good prospects for the future. which utilizes a constant dividend policy sales growth (Riyanto, 2011). Current dividend payments occur because there is an opinion that getting dividends now is less risky than getting capital gains in the future. Although future capital gains can provide higher returns than current dividend receipts, there is also the risk of uncertainty about the company's future cash flows (Husnan, 1992). The purpose of dividend distribution is also to show the company's liquidity. By paying dividends, it also shows that in the eyes of investors it will have high value. By continuously paying dividends, the company wants to show that the company is able to face economic turmoil and is able to provide results to shareholders (Bringham, eta ll., 2000).

2. METHOD

The data analysis method used to process this research data is multiple linear regression analysis with the following equation:

$$Y=\alpha+\beta1X1+\beta2X2 +e$$

Information:
Y = Company Value
α = Constant
β1, β2 = Regression coefficient for each independent variable
X1 = Capital Structure
X2 = Dividend Policy
e = Error

The sampling technique used is purposive sampling, where the companies used as samples are those that are included in the existing Jakarta Islamic Index listed listed on the IDX for the period 2012 to 2022, published complete financial reports from 2012-2022 respectively and did not have negative equity from the period 2012 to 2022. Based on the research sample criteria, PT. Elnusa Tbk. There is also data collection using a documentation study approach, this is a data collection technique by taking data that has been recorded or recorded in a report or bookkeeping so that the author does not carry out direct management (Suharismi, 2016).

In this research, the data used is sourced from document PT. Elnusa Tbk., the report was published by the Indonesian Stock Exchange (BEI), while the author obtained the data from annual report PT. Elnusa Tbk online.

3. RESULT AND DISCUSSION

Descriptive Analysis

Through a thorough description of the data according to the actual situation, this descriptive analysis is carried out with the aim of providing a strong basis for decision making. The independent variable used in this research is *Debt to Equity Ratio* (DER) and *Dividend Payout Ratio* (DPR); the dependent variable is *Price to Book Value* (PBV), obtained from the annual financial report of PT. Elnusa Tbk from 2012 to 2022. To provide a better understanding of the relationships and data patterns found, the results of statistical calculations carried out using the SPSS version 25 program will be presented.

Table 1
Analysis *Kolmogorov-Smirnov*

		Unstandardized Residual
N		11
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	37.55602195
Most Extreme Differences	Absolute	.175
	Positive	.175
	Negative	-.097
Test Statistic		.175
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Based on the results of the normality test *Kolmorgov-Smirnov* carried out by researchers using *SPSS Version 25* It is known that the data that has been tested is normally distributed. This statement refers to when Asymp. Sig. (2-tailed) > *alpha* 0.05 means the data is normally distributed. While the value of Asymp. Sig. (2-tailed) in this study was 0.200. So, 0.200 > *alpha* 0.05 which means the data is normally distributed.

Table 2
Multicollinearity Test
Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	DER_X1	.985	1.015
	DPR_X2	.985	1.015

a. Dependent Variable: PBV_Y

There is no multicollinearity in the data studied, as shown by the test results shown in table 2. The debt to equity ratio (DER) value is 0.985 less than 0.10 for the tolerance value and 1.015 less than 10.0 for the VIF value. This indicates that this data is suitable for regression analysis.

Hypothesis Testing

From table 3 below it can be seen that the R value[2] very small at 0.144 or the coefficient of determination value is 14.4%, which shows that the company value is not affected by capital structure variables and dividend policy. Analysis (Coefficient of Determination/R Square) is used to determine the level of variable ability *Debt to Equity Ratio* (X_1) And *Dividend Payout Ratio* (X_2) in comprehensively explaining the variables *Price to Book Value* (AND).

Table 3
Coefficient of Determination
Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.379[a]	.144	-.070	41.98891

a. Predictors: (Constant), DPR_X2, DER_X1
b. Dependent Variable: PBV_Y

Next, a partial significance test or T test will be carried out to determine the extent of the influence *Dividend Payout Ratio* (DPR) individually against *Price to Book Value* (PBV). So *Debt Equity Ratio* (DER) individually against *Price to Book Value* (PBV).
H_{the} = *Debt to Equity Ratio* (DER) partially has no effect on *Price to Book Value* (PBV);
H_a = *Debt to Equity Ratio* (DER) partially influences *Price to Book Value* (PBV).

Table 4
Partial Hypothesis Test Analysis (t Test)
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Say.
1	(Constant)	90.355	29.182		3.096	.013
	DER_X1	-.059	.395	-.050	-.149	.885

a. Dependent Variable: PBV_Y

Based on the results of data processing using the SPSS program, a t-count value of -0.149 was obtained. So the calculated T value < T table (-0.149 < 2.262) with a significance value of 0.885 > 0.05. Therefore, H_{the} accepted and H_a rejected, which means that in this study it is partially variable *Debt Equity to Ratio* (DER) has no effect on *Price to Book Value* (PBV) at PT. Elnusa Tbk.

After that, a partial significance test or T test is carried out to determine the extent of the influence *Dividend Payout Ratio* (DPR) individually against *Price to Book Value* (PBV). The goal of this test is to gain a better understanding of how each variable impacts the dependent variable. The hypotheses to be tested are:

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H_{the} = *Dividend Payout Ratio* (DPR) partially has no effect on Price to Book Value (PBV);
H_a = *Dividend Payout Ratio* (DPR) partially influences Price to Book Value (PBV).

Table 5
Partial Hypothesis Test Analysis (t Test)
Influence *Dividend Payout Ratio* (DPR) against *Price to Book Value* (PBV)
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Say.
1	(Constant)	74.568	15.648		4.765	.001
	DPR_X2	.584	.493	.367	**1.183**	**.267**

a. Dependent Variable: PBV_Y

Based on the results of data processing using the SPSS program, the calculated t value is 1.183. This means that the calculated t value is smaller than the t table (1.183 < 2.262), and the significance value is 0.267 > 0.05. As a result, variable *Dividend Payout Ratio* (DPR) has no impact on *Price to Book Value* (PBV) PT. Elnusa Tbk is partial in this research, with Ho accepted and Ha rejected.

Table 6
Multiple Linear Regression Test
The Influence of Debt to Equity Ratio (DER) and Dividend Payout Ratio (DPR) on Price to Book Value (PBV)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Say.
1	(Constant)	81.749	29.638		2.758	.025
	DER_X1	-.114	.391	-.096	-.292	.778
	DPR_X2	.603	.524	.379	1.149	.284

a. Dependent Variable: PBV_Y

Based on the calculation results in the table above, it is known that the constant value is 81.79, the coefficient value *Debt to Equity Ratio* (DER) -0.114, and coefficient value *Dividend Payout Ratio* (DPR) 0.603. The multiple linear regression equation between Debt to Equity Ratio (DER) and Dividend Payout Ratio (DPR) and Price to Book Value (PBV) can be described as follows:

Y = 81,749 – 0,114 X1 + 0,603 X2
***Price to Book Value* = 81,749 - 0,114 *Debt to Equity Ratio* (DER) + 0.603 *Dividend Payout Ratio* (DPR)**

Based on this equation it is known that *Price to Book Value* (PBV) will be worth 81,749 when *Dividend Payout Ratio* (DPR) is 0. Then, *Price to Book Value* (PBV) will experience a decrease of 0.114 if *Debt to Equity Ratio* (DER) increases by one unit. Whereas, *Price to Book Value* (PBV)

will experience an increase of 0.603 when *Dividend Payout Ratio* (DPR) experienced an increase of one unit.

Table 7
Test Analysis (F)
ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Say.
1	Regression	2368.179	2	1184.090	.672	.537[b]
	Residual	14104.548	8	1763.068		
	Total	16472.727	10			

a. Dependent Variable: PBV_Y
b. Predictors: (Constant), DPR_X2, DER_X1

Table 7 shows that the calculated F is 0.672 based on the F table with (k-1) (n-k), where K is the number of independent variables and n is the number of dependent data, then (3-1) (11-3) with the level significance is 0.05, and the F table value is 4.46. Thus, F count < F table (1.672 < 4.46) with a significance value of 0.537 is greater than 0.05. Therefore, *variabel Debt to Equity Ratio* (DER) and *Dividend Payout Ratio* (DPR) has no influence on *Price to Book Value* (PBV) PT. Elnusa Tbk during research carried out simultaneously. Thus, Ho is accepted and Ha is rejected.

4. CONCLUSION

Based on the test results presented above, it can be concluded that the Debt to Equity Ratio (DER) and Dividend Payout Ratio (DPR) do not have a significant influence on the Price to Book Value (PBV) of PT. Elnusa Tbk during the 2012–2022 period, whether analyzed individually or in combination. Despite this lack of significant impact, it is noteworthy that DER and DPR collectively contribute 14.4% to variations in the PBV. This indicates that while these financial ratios may not be major determinants of PBV, they still play a minor role in influencing its movement. The remaining 85.6% is likely driven by other factors, such as market conditions, company-specific performance metrics, or external macroeconomic variables, underscoring the complexity of PBV's determinants and the need for further comprehensive analysis.

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