Return on Assets on Dividend Payout Ratio in Sharia Banks Listed on IDX:Impact to Sustainable Banking Governance

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ABSTRACT

This inquiry objective to ascertain how Sustainable Banking Governance is impacted by Ratio of Return on Invested Capital for Dividend Payment at Sharia Banks Registered with the Indonesian stock marketplace (IDX). The objects used for the research are Return on Invested Capital with Net Profit and Total Capital / Capital indicators and Dividend Payout Ratio with Dividend Percentage and Net Profit indicators, obtained from the banking enterprises' financial data that are publicly traded on the IDX, the Indonesian stock market, namely BTPN Syariah Bank, Syariah Indonesia Bank, and Bank of Syariah Panin Dubai. Utilizing secondary data for data testing, this study employs a quantitative research methodology, namely bank financial statement data, with data testing using several analysis designs, specifically employing table t testing for hypothesis testing, basic analysis of regression in linear form, and conventional test of assumptions interpretation. Result of this findings, is can be concluded that ROA does not significantly affect the DPR in Sharia Banks.

Keywords: ROA, DPR, Indonesia Stock Exchange (IDX), Sustainable Banking Governance

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1. INTRODUCTION

Based on sharia banking statistics at the OJK, it is known that the development of sharia banks in Indonesia is relatively fast. The growth of Sharia banks continues until in December 2014 sharia bank data, there were eleven Banks of Sharia Commercial, twenty three Units of Sharia Business and three hundred ninety nine BPRS, this shows that the quantity of Sharia banks has increased compared to 2007 where there were only three Banks of Sharia Commercial, twenty three of Units of Sharia Business, and one hundred and six BPRS (Rafidah, 2014). The average Return on Asset ratio in Sharia Commercial Banks for the 2015-2020 period is classified as healthy, this is due to the ROA factor in Islamic banks which has a large value (Rizal & Humaidi, 2021). This proves that Islamic banks can manage their assets well. The results of previous research reveal that one of the three sharia banks that have merged into BRIS, namely Bank Syariah Mandiri, has a healthy title because its ROA and FDA meet standards in 2020 (Agustina, et al, 2021). This will affect the profits that will be obtained by Islamic banks, this is related to research which will discuss the influence of ROA which is an indicator of assessing the bank's health on dividend policy or Dividend Payout Ratio. The governance of sustainable banking has become one of the current concerns. Gustiana and Helliana (2024) assert that the value of a company is significantly impacted by green banking. Company value is significantly impacted by an effective management system.

The Return on Asset ratio which will be used in this research, functions to measure how much net profit a sharia bank obtains from utilizing all its assets. Islamic banks can increase Return on Assets so that they can pay sufficient dividends to their shareholders and can optimize the use of the assets and equity they own.

An indicator of how high sharia banks must disburse dividends in order to uphold sharia standards is the Dividend Payout Ratio. In research conducted by Julita and Fitri (2021), show that The DPR was significantly impacted by ROA. The IDX-listed real estate companies were utilized as study information samples (Julita & Fitri, 2021). However, previous research used companies listed in manufacturing section of IDX stated that Dividend Payout Ratio has no influence on Return on Assets (Fadillah & Eforis, 2020). Similarly, study findings by Jackson and Mila (2021) demonstrate that the Dividend Payout Ratio is unaffected by Return on Assets. In light of several findings from the research impact ROA on DPR is not always favorable, the results vary so this needs to be investigated further.

2. LITERATURE REVIEW

Return on Asset according to Christine and Arilyn (2022) define is a ratio for measuring ability of company for generating profit from their assets. A positive Return on Assets indicates that the total assets used for company operations are able to provide benefits to the company (Halimah, 2017 in Novianti, 2022). By comparing total net profit with total assets possessed, ROA provides a broad overview of how effectively a business generates profits from its assets. The following is the formula for ROA :

$$\text{Return on Asset} = \text{(Net Profit)/(Tottal Assets)} \times 100 \qquad (1)$$

DPR gives a summary of the percentage of a earnings of the firm that are returned to the stockholders as opposed to being retained or reinvested. The equation of the DPR is:

$$\text{Dividend Payout Ratio} = (DPR)/(EPS) \times 100 \qquad (2)$$

Based on research conducted by Sari (2022) and Prabowo and Alverina (2020), which utilize Return on Assets (ROA) with balance sheets and income statements as indicators, as well as Dividend Payout Ratio (DPR) with indicators from owner's equity and income statements, it is evident that ROA correlates with DPR. The greater ROA generated by a business, the greater resulting DPR. ROA possessed by a company reflects its profitability level from the utilization of its assets, which consequently impacts the distribution of dividends from increasingly larger profits.

3. METHODOLOGY

This research will use quantitative methods as a data processing method. According to Narimawati, et. al, (2020), quantitative research is research based on positivist philosophy whose claims can be investigated rationally, need to be proven scientifically, and can be proven logically with mathematical proof (Narimawati, et. al, 2020). This research used secondary data from financial report on BTPN Syariah Bank, Syariah Indonesia Bank, and Bank of Syariah Panin Dubai which were obtained using documentation methods from official financial report audited. There are two variables that will be used in this research, namely the free or independent variable (Return on Assets) with the net profit indicator which is compared with the total assets obtained from the company's financial reports (Harahap, 2016), as well as the dependent or dependent variable (Dividend Payout Ratio) with dividend payment indicators compared with the dividend value per share (Sartono, 2016). The classic assumptions constitute prerequisites that must be fulfilled in regression analysis. Commonly employed tests for classic assumptions include tests for normality, multicollinearity, and heteroscedasticity (Setiawati, 2021). After going through this test, proceed to Basic Linear Regression Analysis and Hypothesis testing. The data processing program IBM SPSS Statistics 22 was utilized for examination.

4. DISCUSSION

4.1. Statistical Results

The residual data has a significance value of 0.062 or in excess of 0.05, according to Table 1's normality test findings, demonstrating that the spread of the data is normal. Residual data is considered as normally distributed under the test conditions if the statistically significant value (Asym Sig 2-tailed) surpasses above 0.05. (Mardiatmoko, 2020).

The SPSS test results carried out using the Spearman's Rho method in Table 2 show that the ABS_RES value for variable X (ROA) is 0.277, which means it has a value above 0.05. This means that heteroscedasticity does not occur in the regression model.

Table 1: Normality Results

		Unstandardized Residual
N		7
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,36732288
Most Extreme Differences	Absolute	,297
	Positive	,176
	Negative	-,297
Test Statistic		,297
Asymp. Sig. (2-tailed)		,062[c]

Source: author's work.

Table 2: Heteroskedasticity Results

			ROA	Unstandardized Residual
Spearman's rho	ROA	Correlation Coefficient	1,000	,300
		Sig. (2-tailed)	.	,277
		N	15	15
	Unstandardized Residual	Correlation Coefficient	,300	1,000
		Sig. (2-tailed)	,277	.
		N	15	15

Source: author's work.

The results show that the value in the Durbin Watson column in light of Table 3 is 1.824. Thus, it can be said that autocorrelation does not exist. on residuals in the recorded inter-period data, because DW is less than 4-DU and larger than DU, or 1.65 < 1.842 < 2.35, with decision making criteria if 1.65 < DW < 2.35 then autocorrelation does not occur (Mardiatmoko, 2020).

Table 3: Heteroskedasticity Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,408[a]	,166	,097	13,12491401	1,842

Source: author's work.

Regression Analysis according to Levin & Rubin (1998: 648) in Umi Narimawati (2020), Based on historical observations of these variables and other factors, the properties and degree of the relationship between two unidentified factors are determined by statistical regression.

Table 4: Results of Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11,954	3,680		3,248	,006
	ROA	,329	,240	,356	1,373	,193

Source: author's work.

Based on Table 4, the results that can be inferred accordingly in the form of a simple linear regression equation are as follows:

$$Y = 11{,}954 + 0{,}329X \qquad (3)$$

Where, if the Dividend Payout Ratio (DPR) is not affected by Return on Assets (ROA) (ROA is 0), then the DPR is worth 11,954. If the ROA affects the DPR by 1, then the DPR will increase by 12,283.

4.2. Results

In this study, correlational investigation involves utilized to ascertain the extent as well as potency of the association among the factors that are autonomous (X) which in this study is Return on Asset (ROA) and dependent (Y) which in this study is DPR. The association between the two variables in Table 2 is medium, as indicated by the R value of 0.408, because the R value is between 0.40 – 0.599, and the value is between -1 and 1, so the two variables have a positive correlation (Sudjana, 2006). Meanwhile, the results of the determination analysis's findings are displayed in column R2 which has a value of 0.166. It can be concluded that ROA affects the DPR by 16.6%.

Based on Table 4 in column t, for the ROA variable, For the ROA variable, the value of t is 1.373 at a threshold for significance of 0.193. When computed t value is contrasted with the t value found in the table, the comparison yields 1.373 > 2.16037. Given that the estimated the table t is smaller than the t value and the significance threshold is surpassing 0.05, it might be inferred from this value that ROA has no discernible impact on the DPR. Accordingly, the hypothesis test for this study yields a rejection of Ha. Jackson & Laksmiwati's (2020) research is consistent with this, stating that ROA does not significantly affect the DPR, with research conducted on the sector of emiten listed on the Kompas- 100 Index.

5. CONCLUSION AND RECOMMENDATION

The conclusion obtained in this research indicates that the Dividend Payout Ratio is not significantly impacted by Return on Assets. in Islamic Bank companies, which means that the answer to the hypothesis that Ha has written is rejected. This shows that Return on Assets with a large level does not necessarily have an influence on dividend policy, which is caused by company considerations such as company policy in using profits as a source of investment, as well as other factors that can affect dividend policy.

It is advisable for academics intending to conduct further research to delve deeper into analysis by expanding the journal references and extending the financial data sampel period for companies to produce more accurate and relevant analyses. And the companies involved in this study, pay more attention to strategies for future profit generation, enabling companies to increase ROA and maintain the already good health of banks, as well as improving bank health for those with less favorable for unhealthy ratings.

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