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Research Paper

Analysis of Financial Performance Effect on Dividend Payout Ratio Members of Holding Mining Industry with Capital Expenditure as Moderating Variable

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ABSTRACT

The purpose of this study is to analyze the effect of financial performance on dividend payout ratio (DPR) Holding Mining Industry (HIP), with capital expenditure (CAPEX) as a moderating variable. This research was conducted only for members who are publicly listed companies and have A series dwiwarna shares, namely PT Bukit Asam (PTBA), PT Timah Tbk. (TINS), PT Aneka Tambang Tbk (ANTM). Analysis conducted by panel regression, with alpha 5%, shows that financial performance simultaneously affects the DPR by 39.86%, the remaining 60.14% is influenced by other factors. In terms of profitability, ROE and no significant negative effect on the DPR. In terms of liquidity, the cash ratio has an insignificant positive effect and the negative current ratio is not significant to the DPR. In terms of leverage, DAR has a significant positive effect on the DPR, while DER has a significant positive effect on the DPR. Furthermore, with the moderation test, it was concluded that CAPEX significantly weakened the effect of financial performance on (Cash ratio, current ratio, and DAR) on the DPR. In this case, HIP members should manage their debt and equity, and capital expenditure, because DAR will increase the DPR and Capex will weaken the DPR, even though investments with good returns will increase the income of HIP members.

Keywords: Financial Performance, Dividend Payout Ratio, Capital Expenditure

INTRODUCTION

In 2017, the Mining Industry Holding (HIP) was formed, in which PT Indonesia Asahan Aluminium (INALUM) is the holding company and consists of PT Aneka Tambang (Persero) Tbk. (ANTM), PT Timah (Persero) Tbk. (TINS), PT Bukit Asam (Persero) Tbk. (PTBA) and PT Freeport Indonesia (PTFI). This HIP aims to expand business and funding capacity, managing mineral and coal natural resources, increasing added value through downstream and increasing local content, as well as cost-efficiency of the synergies it does. Specifically the diversification of major mining products such as Nickel, Bauxite, Gold, Copper, Tin, and Coal *(www.bumn.go.id)*

HIP consists of INALUM as the holding company, which is a private company, as PTFI, one of the members, and the other members, ANTM, TINS, PTBA are public companies. Furthermore, ANTM, TINS, PTBA have A series dwiwarna share, owned by the Republic of Indonesia which has special rights. HIP is a form of restructuring in an effort to restore the internal condition of SOEs so as to improve performance and increase company value (Law No.19 of 2003). In addition, restructuring (holding) has a strategic objective in increasing shareholder value

(Florio, 2018), by increasing the return to shareholders or dividends.

According to Sartono (2010: 281) states that the dividend policy is a decision whether the profits by the company will be distributed to shareholders as dividends or will be retained in the form of retained earnings to finance investment in the future. The dividend policy will come out with a Dividend Payout Ratio (DPR), which is a ratio that measures the proportion of net income per one share of ordinary shares paid in the form of dividends (Subramanyam, 2010). The DPR is an indicator in measuring dividend policy expressed in percent (%).

In the HIP, each dividend policy or HIP member DPR will affect the HIP. Members consisting of four members, the author wants to see the phenomenon of HIP members who are public companies and have A series dwiwarna shares. Where the condition of its shares that have entered the open market but is still controlled by the government on the strategic matters mentioned above. In this case, members who are listed companies and have A series dwiwarna shares have a dividend policy history as follows:

Table 1: Dividend Payout Ratio (DPR) HIP Members (Percent)

ANTM	8.02	40.00	40.00	40.00	45.00	15.00	22.49	—	—	—	35.03	35.00
TINS	50.00	49.87	50.00	50.00	50.00	50.00	55.00	—	30.00	26.70	34.55	35.00
PTBA	52.34	50.06	-	60.00	60.03	56.94	55.00	37.92	30.00	30.00	75.00	75.00

Source: Financial Report of ANTM, PTBA, TINS

Based on the data above, the average HIP DPR Member for 12 years is 37.47%. The dividend policy will certainly be decided based on the results of the company's operating activities which are presented in the form of financial figures or financial performance. Suroso (2010) defines financial performance is the determination of certain measures that can measure the success of a company in generating profits. The measuring instrument used in assessing financial performance is financial methods. Financial ratio analysis is the calculation of ratios to assess the financial situation in the past, present and future possibilities (Syamsuddin, 2009: 37). According to Munawir (2014: 239), there are 4 groups of financial ratios namely liquidity, leverage, activity, and rentability. In this study, the ratios used are liquidity, leverage, activity (Riyanto, 2008).

In the analysis of factors affecting the DPR, Laim, Nangoy, and Murni (2015), finding liquidity, trough the Current Ratio (CR) and Growth, was not a significant negative effect on the DPR. Debt to Equity Ratio (DER) has a significant negative effect on the DPR. ROA and Firm Size have a significant positive effect on DPR. Puspita (2009) also found that factors affecting the DPR, cash ratio, firm size, and Return on Assets (ROA) had a significant positive effect on the DPR, Growth had a significant negative effect on the DPR, DAR and DER had no significant effect on the DPR.

Ahmad and Muqaddas (2016) found a significant negative effect on the Financial Efficiency (Interest ratio) significant positive effect of Safety (Investment to total assets), a significant negative risk effect, and a significant positive profitability effect on the DPR. In addition, Zaman (2018) found that Cash Ratio had a significant positive effect, DER had a significant negative effect, ROA had a significant effect on the DPR. Mahaputra and Wirawati (2014), in addition to financial performance, cash position became the variable understudy of the DPR. The study found a significant positive profitability (ROA) effect, significant positive DER leverage, and significant negative liquidity (current ratio) on the DPR. cash position (earnings after-tax) and company size have no effect on the DPR.

From some of the studies above the researchers concluded, there are several

variables that can represent profitability, liquidity, and leverage on the company's financial performance. In this study profitability is measured using ROA, ROE, liquidity is measured using cash ratio and current ratio while leverage is measured using DAR and DER. Furthermore, in the case of different research results from some of the researchers above, the writer will further examine the effect of financial performance on the DPR.

In addition to financial performance, Chakraborty, Shenoy, and Kumar (2018) investment, namely capital expenditure (CAPEX), the ratio of cash flow to capital expenditure (CFCE) has a significant negative effect on the DPR. CAPEX is the expenditure of funds for the purchase of fixed assets (plant investment), land, buildings, machinery and other equipment, and expenditure of funds for long-term advertising, research and development projects. But Lilis (2016) found that CAPEX had no significant effect on the DPR. Based on differences in research results Kumar and Lisis researchers want to modify whether CAPEX weakens or strengthens the financial performance of the DPR.

Hypothesis

Based on the background of the study and the justification of the relationship between variables, the research hypothesis is as follows:

1. ROA significant positive effect on the DPR Company Member HIP
2. ROE has a significant positive effect on the DPR Company Member HIP
3. Cash Ratio has a significant positive effect on the DPR Company Member HIP
4. Current Ratio significantly positive effect on the DPR Company Member HIP
5. DAR has a significant negative effect on the DPR Company Member HIP
6. DER has a significant negative effect on the DPR Company Member HIP
7. The negative CAPEX significantly moderates the effect of ROA on the DPR Company Member HIP
8. The negative CAPEX significantly moderates the effect of ROE on the DPR Company Member HIP
9. Negative CAPEX significantly moderates the effect of Cash Ratio on HIP Member DPR.
10. Negative CAPEX significantly moderates the effect of Current Ratio on HIP Member DPR.
11. Negative CAPEX significantly moderates the effect of DER on HIP Member DPR.
12. A negative CAPEX significantly moderates the effect of the DAR on the DPR Company Member HIP

MATERIAL AND METHODS

This research is causal research that aims to analyze the effect of independent variables on the dependent variable. Sinulingga (2014) states causal research is a study conducted to investigate the causal relationship by observing the effects that occur and the possible factors (causes) that cause these effects. In this study, there are independent variables (causes), i.e. variables that affect, dependent variables (effects), i.e. variables that are affected and moderator variables are variables that also influence the relationship between the dependent variable and the independent variable. Based on the type of data this study is a quantitative study that is research that uses numbers as a research approach to the causal method (Causal Research) to measure the strong relationship and influence between variables associated with moderating variables in this study. The data used in this study are in the form of numbers which are ratio numbers. Pardede and Manurung (2014) state that ratio data is data measured by a proportion, for example, interest rates and exchange rates.

The target population that will be used in this study is a publicly-traded company and has A series dwiwarna shares owned by the government. Based on the

target criteria above the population in this study are as many as 3 companies, which observe from 2007-2018. In this study, the sampling method is to use a saturated or census sample. So that all members of the population are used as samples.

RESULTS AND DISCUSSION

Classic assumption test

Normality Test

In this study, the normality test for residuals uses the Jarque-Bera test (J-B). In this study, the level of significance was used. The basis for decision making is to look at the probability figures from J-B statistics, with the following conditions.

If the probability value is 0.05, then the assumption of normality is fulfilled.
If the probability is <0.05, then the assumption of normality is not fulfilled.

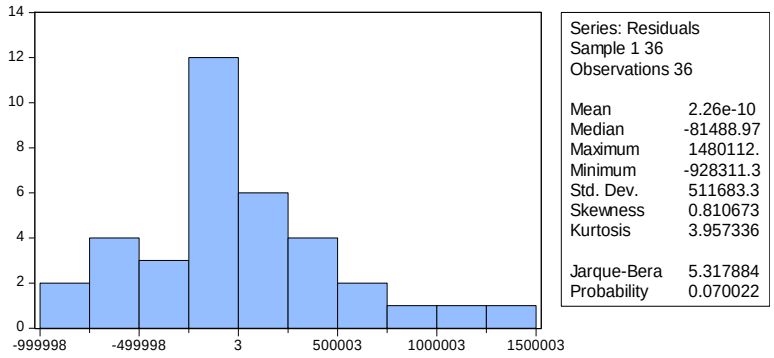

Figure 1: Normality Test with Jarque-fallow Test
Source: Eviews software results

Based on Figure 1, the probability value from the J-B statistic is 0.070022. Because the probability value, which is 0.07002, is greater than the significance level, which is 0.05. This means that the assumption of normality is fulfilled.

Multicollinearity Test

In this study, the symptom of multicollinearity can be seen from the correlation values between variables contained in the correlation matrix. Ghozali (2013) states that if there is a high correlation between independent variables, which is above 0.9, then this is an indication of multicollinearity. The results of the multicollinearity test are presented in Table 4.2.

Table 2: Multicollinearity Test with Correlation Matrix

	ROA	ROE	*Cash Ratio*	*Current Ratio*	DER	DAR
ROA	1.000000	0.755944	0.249242	0.287641	-0.469337	-0.594070
ROE	0.755944	1.000000	0.305277	0.290744	-0.428225	-0.548431
Cash Ratio	0.249242	0.305277	1.000000	0.566945	-0.408896	-0.324403
Current Ratio	0.287641	0.290744	0.566945	1.000000	-0.605123	-0.524350
DER	-0.469337	-0.428225	-0.408896	-0.605123	1.000000	0.644808
DAR	-0.594070	-0.548431	-0.324403	-0.524350	0.644808	1.000000

Source: Eviews Software Results

Based on Table 2 multicollinearity test results, it can be concluded that there are no symptoms of multicollinearity between independent variables. This is because the correlation value between independent variables is not more than 0.9 (Ghozali, 2013: 105).

Autocorrelation Test

Assumptions regarding the independence of residuals (non-autocorrelation) can be tested using the Durbin-Watson test. Statistical values from the Durbin-Watson test range between 0 and 4. Statistical values from the Durbin-Watson test that are smaller than 1 or greater than 3 indicate autocorrelation.

Table 3: Autocorrelation Test with the Durbin-Watson Test

Log-likelihood	-523.8113	Hannan-Quinn criteria.	29.59699
		Durbin-Watson stat	1.221556

Based on Table 3, the value of the Durbin-Watson statistics is 1.221556, because the Durbin-Watson statistical value lies between 1 and 3, which is 1 <1.221556 <3, the non-autocorrelation assumption is fulfilled. In other words, there are no symptoms of high autocorrelation in residuals.

Heteroscedasticity Test

To test whether heteroscedasticity occurs or not, the Breusch-Pagan test can be used. Table 4 presents the results of heteroscedasticity testing using the Breusch-Pagan test.

Table 4. Heteroscedasticity Test with the Breusch-Pagan Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	1.987816	Prob. F(6,29)	0.1000
Obs*R-squared	10.49110	Prob. Chi-Square(6)	0.1054

Source: Eviews software results

Based on the results of the Breusch-Pagan test in Table 4, the Prob value is known. in the line Obs * R-squared0.1054> 0.05 which means there is no heteroscedasticity.

Determination of Estimation Model between Common Effect Model (CEM) and Fixed Effect Model (FEM) with Chow Test

To determine whether the CEM or FEM estimation model informing the regression model, the Chow test was used. The hypothesis is tested as follows:

The CEM model is better than the FEM model.

FEM models are better than CEM models

The following results are based on the Chow test using Eviews.

Table 5: Results from the Chow Test

Redundant Fixed Effects Tests			
Pool: DPANEL			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	13.808377	(2,27)	0.0001
Cross-section Chi-square	25.362137	2	0.0000

Source: Eviews Software Results

The rules for making decisions on hypotheses are as follows:

If the Chi-square cross-section probability value <0.05, then it is rejected and accepted.

If the Chi-square cross-section probability value is 0.05, it is accepted and rejected.

Based on the results of the Chow test in Table 5, it is known that the probability value is 0,0004. Because the probability value is 0.00 <0.05, the estimation model used is the fixed effect model (FEM).

Determination of Estimation Model between the Fixed Effect Model (FEM) and Random Effect Model (REM) with Hausman Test

To determine whether FEM or REM estimation models form a regression model, the Hausman test is used. The following results are based on the Hausman test using Eviews.

Table 6: Results from the Hausman Test

Correlated Random Effects - Hausman Test			
Pool: DPANEL			
Test period random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Period random	7.331230	6	0.2913

Source: Eviews Software Results

Based on the results in Table 6, it is known that the probability value is 0.2913> 0.05, then the estimation model used is the random effect model (REM).

Hypothesis test

In testing hypotheses, the coefficient of determination analysis, simultaneous influence testing (F test), and partial effect testing (t-test) will be carried out as follows:

Analysis of the Coefficient of Determination

Based on Table 7, the coefficient of determination (Adjusted R-squared) value is known. This value can be interpreted as ROE, ROA, Cash Ratio, Current Ratio, DER, DAR simultaneously or jointly affecting the DPR by 39.86%, the remaining 60.14% is influenced by other factors.

Table 7: Statistical values of the coefficient of determination, F test, and t-test

Dependent Variable: Z				
Method: Pooled EGLS (Period random effects)				
Date: 08/20/19 Time: 21:56				
Sample: 2007 2018				
Included observations: 12				
Cross-sections included: 3				
Total pool (balanced) observations: 36				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	-3803.604	6950.607	-0.547233	0.5884
X2	-5150.894	10565.36	-0.487526	0.6296
X3	45962.41	75636.97	0.607671	0.5481
X4	-45149.60	82289.43	-0.548668	0.5874
X5	10333.50	11456.60	0.901969	0.3745
X6	12986.53	6171.575	2.104249	0.0441
C	605039.0	427993.1	1.413665	0.1681
R-squared	0.501749	Mean dependent var		829380.8
Adjusted R-squared	0.398662	S.D. dependent var		724898.4
S.E. of regression	562129.4	Sum squared resid		9.16E+12
F-statistic	4.867264	Durbin-Watson stat		1.180564
Prob(F-statistic)	0.001500			

Source: Eviews Software Results

Test of Significance of Simultaneous Influence (F Test)

The test aims to test the effect of independent variables together or simultaneously on the independent variables. Based on Table 7, we know the value of Prob. (F-statistics), that is 0.001500 0.05, it can be concluded that all independent variables, namely ROE, ROA, Cash Ratio, Current Ratio, DER, DAR simultaneously or jointly affect the DPR.

Panel Data Regression Equations and Partial Test (t-Test)

Based on Table 7, obtained the multiple linear regression equation as follows

$$Y = 605039 - 3803{,}604ROA - 5150{,}894ROE + 45962{,}41Cash\ Ratio - 45149{,}60Current\ Ratio + 10333{,}50DAR + 12986{,}53DER + e$$

Based on Table 7, note:

1. ROE has a negative effect on the DPR, but it is not significant.
2. ROA has a negative effect on the DPR, but it is not significant.
3. Cash ratios have a positive effect on the DPR, but not significantly.
4. The current ratio has a negative effect on the DPR, but it is not significant.
5. DAR has a positive effect on the DPR, but it is not significant.
6. DER has a positive and significant effect on DPR.

Moderation Significance Test (Interaction Test)

Then moderation testing is carried out, i.e. testing whether Capital Expenditure (Z) is significant in moderating the influence of ROE (X1), ROA (X2), Cash Ratio (X3), Current Ratio (X4), DER (X5), DAR (X5) on Dividend Payout Ratio or DPR (Y). The moderation test is carried out using an interaction test (MRA).

Table 8: Interaction Test

Dependent Variable: Y				
Method: Least Squares				
Date: 08/20/19 Time: 21:47				
Sample: 1 36				
Included observations: 36				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	-4305.858	20313.95	-0.211966	0.8341
X2	40209.80	35210.04	1.141998	0.2657
X3	2311403.	645867.3	3.578758	0.0017
X4	-2057316.	753377.6	-2.730790	0.0122
X5	135914.2	36018.79	3.773426	0.0010
X6	17649.61	17107.87	1.031666	0.3134

Z	-11194.75	38835.57	-0.288260	0.7758
X1Z	10.70253	410.1191	0.026096	0.9794
X2Z	-985.3172	947.7880	-1.039597	0.3098
X3Z	-48667.62	13990.39	-3.478647	0.0021
X4Z	-47893.83	17709.12	-2.704472	0.0129
X5Z	-1730.343	602.8533	-2.870256	0.0089
X6Z	-631.0758	403.7562	-1.563012	0.1323
C	130476.7	1608963.	0.081094	0.9361
R-squared	0.733874	Mean dependent var		829380.8
Adjusted R-squared	0.576618	S.D. dependent var		724898.4
S.E. of regression	471675.4	Akaike info criterion		29.25127
Sum squared resid	4.89E+12	Schwarz criterion		29.86708
Log-likelihood	-512.5229	Hannan-Quinn criter.		29.46621
F-statistic	4.666745	Durbin-Watson stat		1.564351
Prob(F-statistic)	0.000766			

Source: Eviews Software Results

Based on Table 8, the multiple linear regression equation is obtained as follows.

$$Y = 130476.7 - 4305.858\ ROE - 40209.80 ROA + 2311403 Cash\ Ratio - 2057316\ Current\ Ratio + 135914.2\ DAR + 17649.61\ DER + e$$

DISCUSSION

Effect of ROE on DPR

Based on the regression analysis, ROE has a negative effect on HIP member companies, but not significantly. This indicates that the financial performance of HIP members, in this case, ROE or a large percentage of the company's return or profit from total equity, does not significantly influence the company's DPR which is a percentage ratio of cash dividends to company profits. In 2015, at ANTM, ROE was -9.49% which means a large percentage of profit compared to equity in a state of minus or loss, no dividends were distributed. But in 2007 at ANTM, the highest ROE was 78.56%, the DPR was only 8.02%. The highest DPR is in TINS 2017 and 2018 which is 75%, TINS is able to distribute dividends with the payout ratio even though the ROE in 2017 is only 37.26% and 2018 is 33.92% which is only 15.36% and 12.02% greater than the average ROE .

In this case, the results of this study are not in line with those found by Dietiana (2013), that there is no effect of ROE on the DPR. But contrary to Novica, Adel and Saridewi (2014) who found that ROE had a positive and significant effect on the DPR.

Effect of ROA on DPR

ROA has a negative effect on the DPR of HIP member companies, but it is not significant. This indicates that the financial performance in this case the rate of return compared to assets negatively affects the DPR. Basically, ROA which is a profitability ratio is the company's ability to generate profits or profits. Compared to total assets. ROA of HIP members has no significant negative effect on the DPR as seen from the phenomenon that occurs when the highest ROA is 52.95%, the DPR which is distributed is only 8.02%. Whereas when the DPR 75% in TINS in 2017 and 2018 the ROA was only 7.59% and 7.29% greater than the average of 14.48%.

The results of this study differ from the research of Puspita (2006) and Mahaputra and Wirawati (2014), that Return On Assets (ROA) has a significant positive effect on the DPR. In this study, ROA can be a measure of the effect of profitability on the DPR, because companies that generate higher profits will also produce higher dividends to shareholders.

Effect of Cash ratio on the DPR

The cash ratio has a positive effect on the DPR, but not significantly. Cash ratio can be used as an indicator for shareholders, namely INALUM as a representative of the Government of Indonesia (GOI). The HIP members' trend is that, in TINS 2017 and 2018, when the cash ratio of 1.34% of the largest DPR is 75% distributed to shareholders. When the highest cash ratio of

10.84% of the DPR distributed was 45%, the 2008-2015 PTBA also saw a positive cash ratio trend towards the DPR.

When a high amount of cash or with high liquidity held by HIP members will increase DPR's payment to INALUM as GOI representative. This is in line with Puspita's (2009) research that cash ratio has a positive effect, but this research is not significant.

Effect of Current ratio on the DPR

The current ratio negatively affects the House of Representatives of HIP member companies, but it is not significant. Inline Laim, Nangoy, and Murni (2015) found that the current ratio had a significant negative effect on the DPR. Also, Mahaputra and Wirawati (2014) found that the current ratio had a significant negative effect on the DPR. In contrast to what Basuki (2012) found, the current ratio has a significant positive effect on the DPR. The current ratio means that the fulfillment of the company's short-term ability varies in determining the dividend to be distributed to shareholders. Besides, the size of the liabilities and assets of HIP members are different so that it can cause differences in research results that occur.

Effect of DAR on Parliament

Based on the regression analysis that has been done, DAR has not a significant positive effect on HIP member companies. This indicates that debt to assets for HIP members has a positive influence, or the higher the DER, the DPR distributed will increase but not too large. This is different from Basuki (2011) and Puspita (2009) who found no significant negative DAR influence on the DPR. The difference in the results of the study can be caused by the distribution of dividends can also be taken from the company's internal cash but can also be with the debt taken by the company. So the debt to asset ratio can have different effects on each company.

Effect of DER on the DPR

Based on the regression analysis that has been done, DER has a significant positive effect on HIP member companies, this is in line with Mahaputra and Wirawati (2014). In contrast to Zaman (2018) and Chakraborty, Shenoy, and Kumar (2018) who found that DER had a significant negative effect. HIP members are profitable enough to have available earnings, but in building their equity relative to debt. Basically, the smaller the DER, the higher the company's ability to pay all of its obligations, both short and long term. The greater the portion of the debt used for the capital structure of a company, the greater the number of liabilities. Furthermore, it will affect the size of the net income available to shareholders, including dividends to be received, because these obligations take priority over the distribution of dividends. If the debt burden is higher, then the company's ability to distribute dividends will be lower, so that DER has a negative influence on the dividend payout ratio.

Capital expenditure moderates the effect of Financial Performance (ROE, ROA, Cash ratio, Current Ratio, DAR, DER) on the DPR.

Based on the regression analysis that has been done, capital expenditure does not moderate the effect of profitability, namely ROE and ROA on the DPR. This is in line with research by Lilis (2016) and Soelistyo (2016) who found that capital expenditure does not have a significant effect on the dividend payout ratio. However, capital expenditure is significant in moderating or significantly weakening the effect of cash ratio, Current Ratio, and leverage, namely DAR DER on the DPR. In line with Chakraborty, Shenoy, and Kumar (2018) who found that CAPEX had a significant negative effect on the DPR. Basically, capital expenditure issued by HIP in the form of fixed asset purchases increased dividends on exploration and evaluation assets, and mining property is certainly an expenditure that will reduce the portion of

dividends to be distributed to shareholders so that on average it will negatively affect the DPR.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on the results of the research and discussion in the previous chapter, it was concluded:

1. ROE, ROA, cash ratio, current ratio, DAR, DER simultaneously or jointly affect the DPR by 39.86%, the remaining 60.14% is influenced by other factors.
2. All independent variables, namely ROE, ROA, cash ratio, current ratio, DAR, DER simultaneously, have a significant effect on the DPR variable.
3. ROE has a negative effect on the DPR, but it is not significant.
4. ROA has a negative effect on the DPR, but it is not significant.
5. Cash ratio has a positive effect on the DPR, but is not significant.
6. Current ratio has a negative effect on the DPR, but it is not significant.
7. DAR has a positive but not significant effect on the DPR.
8. DER has a positive and significant effect on the DPR.
9. Capital expenditure is not a variable that moderates ROE towards the DPR.
10. Capital expenditure is not a variable that moderates ROA against the DPR.
11. Capital expenditures significantly weaken (quasi moderating) the influence of Cash Ratiot on the DPR.
12. Capital expenditure significantly weakens (quasi-moderating) the effect of Current Ratio on the DPR.
13. Capital expenditure significantly weakens (quasi-moderating) the effect of DAR on the DPR.
14. Capital expenditure is not a variable that moderates DER to the DPR.

Recommendations

Based on the results of the study can be suggested several things as follows:

1. For the Government

GOI (Government of Indonesia) or the Indonesian government, as the end or holder of 100% of the holding shares, oversees the debt and investment made by each holding member through the holding, equity, and capital expenditures. Because either debt or equity which is a component of DER will affect the DPR which will be distributed by HIP members to HIP Parent.

2. The company

In order for each HIP member to regulate their financial performance, the amount of debt is adjusted while maintaining the company's ability to pay, the amount of its equity, and investing in projects that can improve its finances, so that it can further increase dividends to shareholders.

3. For Further Research

In order to be able to examine with a larger number of samples and the variable free cash flow to equity. Furthermore, it can also be explored further about the differences before and after holding in terms of financial performance and returns to shareholders

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