THE INFLUENCE OF NET PROFIT MARGIN AND FIRM SIZE ON DIVIDEND PAYOUT RATIO
(The Survey on Companies Incorporated in the LQ45 Listed on Indonesian Stock Exchange years 2012-2016)

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ABSTRACT

Net profit margin and company size is one factor that can affect the increase of dividend payout ratio in the company. How is the net profit margin and firm size affecting the dividend payout ratio in the company incorporated in the Index at LQ45 on the Indonesia Stock Exchange. A phenomenon occurs in companies that are incorporated in the LQ45 index when net profit margin and the size of companies increased, dividend payout ratio tends to decrease.

The research method used in this research is descriptive and verification method. The analytical method used multiple linear regression. The population of this study are 225 financial reports from 45 companies. Sampling method used purposive sampling method; the total sample used are 40 financial reports. and using SPPS 23.0 For Windows application program.

Research result this partially show that the net profit margin has a negative and significant effect on the dividend payout ratio and firm size partially have a positive and significant effect on the dividend payout ratio of companies incorporated in index LQ45 in Indonesia Stock Exchange period 2012-2016.

Keywords: Net Profit Margin, Size, Dividend Payout Ratio

I. INTRODUCTION

1.1 Background

Dividends are company profits paid to shareholders (Riyanto 2011: 265). The company's dividend policy is of course inseparable from the factors that influence it, the actual factors that occur and must be analyzed in relation to the dividend policy: (a) Company's funding needs, (b) Profit and profit stability rates proximate net profit margin, (c) Liquidity, (d) Rate of Expansion of Assets, (e) Opportunities to capital markets are proxied by firm size (Sartono (2009: 292).

Net profit margin is one of the profitability ratios, which calculates the extent to which a company's ability to generate net income at a certain level of sales (Riyanto, 2008: 60). This ratio can be interpreted as well as the ability of the company to reduce costs (measure of efficiency) in the company at a certain period. The Firm Size is a characteristic of a company in relation to its structure. The firm size a is one of the benchmarks of an investor. Large and well-established companies will have easy access to the capital market, while new and small companies will find it difficult to have access to capital markets. Large firms are among the considerations for investors in making investment decisions (Brigham and Houston (2010: 119). The phenomenon that occurs in PT. Bumi Serpong Damai Tbk, in the year 2013-2014 Net Profit Margin has increased while dividend payout ratio has decreased during 2 consecutive year (Dian Ihsan Siregar, 2015). And PT Wijaya Karya 2013-2014 Firm Size increase while Dividend Payout Ratio decrease for 2 consecutive year (AHL, 2014). Not all companies have a stable dividend-sharing policy to investors. This can be the first problem in this case for the inconsistency between the different corporate decisions when it is required to choose whether to use its profit for dividend

distribution to shareholders, or not to share it (phenomenon gap).

1.2 Problem Identification

Based on the background of the problems described above, the problems in the research can be identified as follows:

1. Net Profit Margin increased, while Dividend Payout Ratio decreased.
2. Firm size increased, while Dividend Payout Ratio decreased.
3. There are differences in the results of research by former researchers who stated significant and insignificant influence on Net Profit Margin and Firm Size to Dividend Payout Ratio

1.3 Formulation of the problem

From the description of Problem Identification of the above research, it can be formulated the main issues that this research, namely:

1. How big is the effect of net profit margin on dividend payout ratio in companies incorporated in LQ45.
2. How big is the effect of firm size on dividend payout ratio in companies incorporated in LQ45.

1.4 Goals and purpose of the Research

1.4.1 Mean of Research

Research to collect data and information on how big influence net profit margin and company size to dividend payout ratio.

1.4.2 Research Purposes

Based on the formulation of the problems described above, the purpose of this study, as follows:

1. To find out how much influence net profit margin to dividend payout ratiopada company incorporated LQ45 index.
2. To find out how much influence Size to Dividend Payout Ratio at the company incorporated LQ45.

1.5 Usefulness of Research

1.5.1 Practical Usefulness

1. For Researchers
   To add and to science and to help writers to earn a bachelor's degree and as one of the requirements of graduation..
2. For the Company
   It is expected to be information for companies that can be used to improve the net profit margin and firm size..
3. For Investors
   The results of this study to provide information about the factors that affect the dividend payout ratio and assist investors in making decisions on investing in the company.

1.5.2 Academic Uses

1. For Science Development
   The results of this study are expected to provide the latest knowledge and information for the development of financial management knowledge, especially regarding the effect of net profit margin and firm size against dividend payout ratio.
2. For Further Researchers
   As input and reference materials for research in order to be re-examined according to the progress of science.

II. REVIEW OF LITERATURE, FRAMEWORK FOR THINKING AND HYPOTHESES

2.1.1 Review Of Literature

2.1.2 Net Profit Margin

2.1.1.1 The Notion of Net Profit Margin

According to Kasmir (2012: 200) Net Profit Margin is:

"Net Profit Margin or net profit margin is a measure of profit by comparing earnings after interest and taxes compared to sales".

2.1.1.2 Indicator Of Net Profit Margin

$$\text{NPM} : \frac{\text{Profit After Tax}}{\text{Sales}} \times 100\%$$

Kasmir (2012:196)

2.1.1.3 Factors affecting Net Profit Margin

The amount of profit margin in each sales transaction is determined by two factors, namely net sales (net sales) and net operating income (net operating income). This is in accordance with the proposed by Bambang Riyanto (2008: 39) stating that, there are two business alternatives to increase profit margins are:

1. By increasing the operating costs to a certain extent, efforts are made to

achieve maximum sales as much as possible,

a. Increase the volume of sales units at a certain price level

b. Increase the sales price per product unit on the sales area within a particular unit.

2. By reducing the revenue from sales to a certain extent there is a reduction of the maximum operating expense.

2.1.2.1 The Notion of Firm Size

According Jogiyanto Hartono (2013: 282) Company size is:

The size of the company can be measured by the total assets of large assets by using the calculation of total logarithm of assets.

2.1.2.2 Indicator of Firm Size

$$Size = Ln\ Total\ Asset$$

Jogiyanto Hartono(2013:282)

2.1.2.3 Factors Affecting Firm Size

The main factors that affect the size of the company: (1) The amount of total assets, (2) The amount of sales, (3) The amount of market capitalization This is because large companies require large funds to support operations, and one of the alternative fulfillment is with capital foreign if the capital itself is not sufficient (Halim, 2007: 42).

2.1.3 Dividend Payout Ratio

2.1.3.1 The Notion Of Dividend Payout Ratio

According to Toto Prihadi (2012: 266) Dividend Payout Ratio is:

"Dividend Payout Ratio is a ratio that describes the percentage of profit divided into dividends."

2.1.3.2 Indicator Of Dividend Payout Ratio

$$DPR = \frac{\text{Dividend Per Share} \times 100}{\text{Earning per share}}$$

Toto Prihadi (2012 : 266)

2.1.3.3 Factors Affecting Dividend Payout Ratio

According Sartono (2009: 292) Factors that affect the Dividend Payout Ratio are:

1. The need for corporate funds
2. Profit rate and dividend stability
3. Liquidity
4. Expansion Rate of Assets
5. Opportunities to capital markets

2.2 Framework for Thinking

2.2.1 The Effect of Net Profit Margin on Dividend Payout Ratio

According to Stefan (2014) factor ability company earn net profit also influence to percentage of dividend payout. Since dividends are net income earned by the company, therefore dividends will be distributed if the company makes a net profit (Rodoni and Ali, 2010: 123). Sarah et al, (2015) and Nining et al, (2014) which states that Net Profit Margin has a significant effect on Dividend Payout Ratio.

2.2.2 The Effect Of Firm Size on Dividend Payout Ratio

According to Sutoyo, Janiar Eko Prasetio, Dian Kusumaningrum (2011: 82) the fim size of a large and well established company will have easy access to enter the capital market, while the new and small companies will have many difficulties to have access to the capital market. According to Marietta and Sampurno (2013), Puspita (2009), Santoso (2012) stated that firm size has a positive and significant influence on dividend payout ratio (DPR).

2.3 Research Hypothesis

Based on the theory and framework above, then the hypothesis below is a temporary answer to a problem that must be proved true, as for the hypothesis formulated in this writing as follows:

H1 = Net Profit Margin has an effect on Dividend Payout Ratio

H2 = firm size effect on Dividend Payout Ratio

III. Research Methods

3.1 Research Methods

In this research the method used is descriptive method, verifikatif with quantitative approach, research that emphasizes its analysis on numerical data (number) to know the significant relationship between variables studied.

3.2 Operational Variable

Operational operators of variables according to Umi Narimawati (2010: 31) as follows:

"Operationalization of variables is the process of decomposition of research

variables into sub-variables, dimensions, sub-variable indicators, and measurements. The condition of the decomposition of operationalization is done when the basic concepts and indicators of each variable is clear, if not clear conceptually it is necessary to do factor analysis ".

1. Independent / Independent Variables (X1 and X2) In this study the independent variables (X1): Net Profit Margin and (X2): Firm Size
2. Dependent / dependent variable (Y)

In this study the dependent variable (Y): Dividend Payout Ratio.

3.3 Data Source

Source of data used in this research is secondary data. Data used in research is data obtained from the financial statements at companies incorporated in the LQ45 Index in Indonesia Stock Exchange in the period 2012-2016 that has been audited and available online http://www.idx.co.id

3.4 Population, Sample, Place and Time of Research

3.4.1 Population

According Sugiyono (2015: 117), understanding of the population are:

"The generalization region consisting of objects or subjects that have quality and certain characteristics set by the researcher to be studied and then drawn the conclusion. "

Target population in this study are all companies incorporated in the index LQ 45 in Indonesia Stock Exchange period 2012-2016, as many as 45 companies with the existing population of 225 financial reports.

3.4.2 Sample

According Sugiyono (2015: 118), the sample is defined as follows:

"Part of the number and characteristics possessed by that population.

Determination of the number of samples to be processed from the population amount is done with proper retrieval technique. The sampling technique used in this research is purposive sampling.

For this research, the samples used are financial statements from 8 companies listed on the Indonesia Stock Exchange which are incorporated in the LQ45 index with the period 2012-2015 (data cross section) with the period of financial statements for five years (data time series). The total data collected is 40 financial statement data.

3.4.3 Place and Time of Research

1. Place of Researh

To obtain data and information relating to the problems studied, the authors conduct research at PT. Indonesia Stock Exchange Bandung Representative Office located on Jl. PH.H Mustofa No. 33, Neglasari, Cibeunying Kaler, Bandung 40124, Indonesia with phone number: (022) 20524207.an.

2. Time of Researh

The timing of the study begins in October 2017 - January 2018.

3.5 Method of Collecting data

According Sugiyono (2012: 62) data collection methods can be obtained by:

1. Direct Research (Field Research)
2. Library Studies (Library Research)

3.6 Data Testing Method

Researchers analyze the data that has been described by using research method used in this research is descriptive method (qualitative) and verifikatif (quantitative) with quantitative approach. The analysis steps described above are as follows:

1. Classic Assumption Test

a. Normality test

Normality test to know that the data taken comes from a normally distributed population. Normality test using Test Of Normality Kolmogorov - Smirnov in SPSS program.

b. Multicollinearity Test

Multilanginearity test performed to detect the presence or absence of multicollinearity can be seen from the amount of Variance Inflation Factor (VIF) and Tolerance. the tolerance number approaches 1. The VIF limit is 10, if the VIF value is below 10, then there is no multicollinearity.

c. Heteroscedasticity Test

Homoscedasticity occurs when a scatterplot of data processing points between ZPRED and SRESID spreads below or above the origin (number 0) on the Y axis and does not have a regular pattern. Heteroscedasticity occurs when the point-to-point scatterplot has an orderly pattern either narrowed, widened or waves.

2. Statistical Test

a. Multiple Linear Regression Analysis

Menururt Sugiyono (2014: 277) defines multiple regression analysis is:

"Multiple linear regression analysis is used by the researcher, if the researcher intends to predict how the state (ups and downs) of the dependent variable (criterium), if two or more independent variables as a prediator factor are manipulated (ie decreased in value).

So multiple regression analysis will be done when the number of independent variables is at least 2 ".

Multiple linear regression analysis used research with intent to know how far relation net profit margin and company size to dividend payout ratio. The form of the equation of multiple linear regression is:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \mathcal{E}$$

Sugiyono(2014:277)

Information :

Y = Dividend Payout Ratio

X1 = Net Profit Margin

X2 = Firm Size

a = Intercepted Constants

β1 = Regression Coefficient Variable Net Profit margin

β2 = Regression Coefficient of Company Size Variable

$\mathcal{E}$ = Error rate (error term)

b. Correlation analysis

Correlation analysis is the analysis used to know the direction and strength of the relationship between variables. Direction is expressed in positive and negative, while the strong or weak relationship is expressed in the magnitude of the correlation coefficient. The magnitude of the correlation coefficient is $-1 \leq r \leq 1$:

c. Determination Coefficient Analysis

Understanding Coefficient of Determination by (Umi Narimawati, 2010: 50) as follows:

"Determination Coefficient Analysis (KD) is used to see how much independent variables affect the dependent variable expressed in percentage. The coefficient of determination (Kd) essentially measures how far the model's ability to explain variations of bound variables ".

The coefficient of determination value is from zero (0) and one (1). the small value of r2 means the ability of the independent variables to explain the variation of the dependent variable is very limited.

$$KD = r^2 X\ 100\%$$

Information :

Kd: How far the variable change of Y is used by variable X.

r_2: Squares of Correlation Coefficient.

100%: a declared device in percentage

3.7 Data Analysis Method

According Sugiyono (2015: 96) the definition of hypothesis is as follows:

"Hypothesis is a temporary answer to the formulation of research problems, where the formulation of research problems has been expressed in the form of a question sentence."

The purpose of testing the hypothesis to be tested in this study is the extent to which the influence of variables on other variables, namely net profit margin and firm size against dividend payout ratio. The steps taken in the test are:

1) Statistical Test

Partial test using t test (partial test significant). The steps in the following steps:

1. Hypothesis Testing

Test the hypothesis to be tested in this study as follows:

a. The effect of Net Profit margin on Dividend Payout Ratio

Ho: β1 = 0, Net Profit Margin has no significant effect on Dividend Payout Ratio

Pengujian secara parsial menggunakan uji t (pengujian signifikan secara parsial). Langkah – langkah di tempuh sebagai berikut :

1. Hypothesis Testing

Test the hypothesis to be tested in this study as follows:

a. The effect of Net Profit margin on Dividend Payout Ratio

Ho: β1 = 0, Net Profit Margin has no significant effect on Dividend Payout Ratio

Hȧ: β2 ≠ 0, Net Profit Margin has an effect on Dividend Payout Ratio.

b. Effect of Firm Size on Dividend Payout ratio

Ho: β2 = 0 Firm size has no significant effect on Dividend Payout Ratio.

Hȧ: β2 ≠ Company size significantly influence Dividend Payout Ratio

2. Determining Significant Levels

Determined by 5% of degrees of freedom (dk) = n - k - l, for determine ttable as the boundary of reception and rejection area hypothesis. The significant level used is 0.05 or 5% because it is considered sufficient to represent the relationship of the variables studied and is the level of significance commonly used in research status.

3. Calculate the tcount value and compare it with the ttable.

4. Determining Regional Acceptance and Rejection Hypothesis

a. If thitung ≥ ttable then H0 is in rejection area, it means Ha accepted and means between variable X and variable Y have influence.

b. If thitung ≤ ttable then H0 is in the reception area, it means Ha is rejected and means between variable X and variable Y has no influence.

5. Determining Conclusions Based on Probability

1. if probability> 0.05 then the distribution of the regression model is normal

2. if probability <0,05 then the distribution of regression model is not normal.

3. Withdrawal Conclusion

The shaded area is the rejection zone H0, and vice versa. If thitung and Fhitung fall in the rejection area (reception), then H_O rejected (accepted) and Ha accepted (rejected). This means the coefficient of regression is significant (not significant). In conclusion, net profit margin and firm size have no effect on dividend payout ratio. The significance level is 5% (α = 0.05), meaning that if the null hypothesis is rejected (accepted) with 95% confidence level, the conclusion has 95% truth and this indicates a (significant) influence between two variables the.

IV. RESEARCH RESULT AND DISCUSSION

4.1 Research Result

4.1.1 Results of Descriptive Analysis

This study was conducted on the LQ45 incorporated Company listed on the Indonesia Stock Exchange Period 2012 - 2016, which has the value of Dividend Payout Ratio respectively during the study period. These companies are Astra International Tbk, Bank Central Asia Tbk, Bank Negara Indonesia (Persero) Tbk. Bank Tabungan Negara (Persero) Tbk, Bank Mandiri (Persero) Tbk, Bumi Serpong Damai Tbk, PT Pakuwon Jati Tbk, PT Wijaya Karya Tbk, the research was conducted using the company's annual report during 2012-2016.

4.1.1.1 Development of Net Profit Margin on Companies incorporated in the LQ45 Index listed on the Stock Exchange 2012-2016

In graph 4.1, it can be seen that the average NPM of firms tend to fluctuate with increasing tredline, the factors that affect Net profit margin are net sales and net operating income Bambang Riyanto (2008: 39).

4.1.1.2 Firm Size on Companies incorporated in the LQ45 Index listed on the Stock Exchange 2012-2016

In Figure 4.2 above, can be seen the average size of the company tend to fluctuate with the tredline

down. The main factors affecting firm size: Net Profit Margin Development (1) The amount of total assets, (2) The amount of sales, (3) The amount of capitalization.

4.1.3 Development of Net Profit Margin on Companies incorporated in the LQ45 Index listed on the Stock Exchange 2012-2016

In graphic above 4.3 above, it can be seen the average House of companies tend to fluctuate down with a downward trendline. This is due to factors affecting the dividend payout ratio, among others, the need for corporate funds, the level of profit and the stability of dividends, liquidity, the level of asset expansion, the opportunity to the capital market [Sartono (2009: 292)].

4.2.1 Verifikatif Analysis

1. **Normality Test**
   Indicates that the regression model has a normal distributed residual value because the significance value of the Kolmogorov-Smirnov test is 0.095 where the result is greater than 0.05. Based on these basics can be seen that the data distribution is normal because the value Asymp.Sig (probability) value above 0.05.
2. **Multicolinearity test**
   The tolerance values obtained for the three independent variables are 0.999 and 0.999 where the value is greater than 0.1 and with the VIF value of 1,001 and 1,001 where the value is smaller than 10. The results show that the independent variables in the regression model free from multicollinearity problem, then the regression model has fulfilled one of the requirements for regression testing.
3. **Heteroscedasticity Test**
   Figure 4.7 shows that the spots are randomly distributed and spread either above or below the number 0 on the Y axis. It can be concluded that
   there is no heteroscedasticity in the regression model so that the regression model is feasible to use.
4. **Autocorrelation Test**
   Based on table 4:11 above obtained value Durbin - Watson of 0.945. Based on the criteria that the value of 0.945 is between -2 and +2, it can be concluded there is no autocorrelation**.**

4.2.1.1 Multiple Linear Regression Analysis

Based on the calculation results, obtained the form of multiple linear regression equation as follows:

Y (DPR)= 26,370± -0,390+0.203

4.2.1.2 Correlation Analysis

1. **Correlation Analysis Between Net Profit Margin with Dividend Payout Ratio**
   The result of data processing above, obtained the value of correlation coefficient for Net Profit Margin with Dividend Payout Ratio, amounting to 0.552 which results in the score interval between 0.40 - 0.599 that there is a relationship between the Net Profit Margin (NPM) with Dividend Payout Ratio (DPR).
2. **Correlation Analysis Between Firm Size with Dividend Payout Ratio**
   The result of output from data processing above, obtained correlation coefficient value for Firm Size with Dividend Payout Ratio of 0.358 which results in the score interval between 0.20 - 0.399 that there is a low correlation between Firm Size with Devidend Payout Ratio.

4.1.2.4 Determination Coefficient Analysis

The most influential variable to the dependent variable is the NPM (X_1) variable of 27.40% and followed by the SIZE (X_2) variable of 8.78%. With the overall influence of 36.18%

while the remaining 63.82% influenced by this research variable growth, free cash, liquidity, leverage and others - others.

4.1.2.5 Hypothesis Testing Pengujian Hipotesis

1. **Hypothesis Testing Effect Net Profit Margin Against Dividend Payout Ratio**

   Can be known thitung value for variable Net Profit Margin (NPM) equal to -4.029. This value will be compared with the ttable value in the t distribution table. with α = 0.05, df = nk = 40-3 = 37, obtained ttable value of ± 2.02619 It is known that thitung for net profit margin of -4.029> t value table ± 2.02619, then H0 is in the rejection area, means Ha accepted means between variable net profit margin and variable dividend payout ratio there is influence.

2. **Hypothesis testing of Firm Size to Dividend Payout ratio** Based on table 4:19 above, we can know the value of thitung for variable measurement 2.335 Company. This value will be compared with the ttable value in the t distribution table. with α = 0.05, df = n-k = 40-3 = 37, the value of ttable is ± 2.02619. It can be seen that thitung for Size of 2,335> t value table ± 2.02619, then H0 is in rejection area, it means Ha accepted means between variable Size and variable Dividend payout ratio there is influence.

4.2 Discussion

4.2.1 The Effect of Net Profit Margin on Dividend Payout Ratio

The result of hypothesis testing shows that the influence between net profit margin to dividend payout ratio. This is seen in the descriptive analysis of most companies who are members of the LQ45 index decreased, when net profit margin increased. The relationship between net profit margin to dividend payout ratio of -0,552 means net profit margin has a moderate relationship and negative relationship.

The result of hypothesis testing shows that the influence between net profit margin to dividend payout ratio. This is seen in the partial descriptive analysis The coefficient of determination results show

The result of hypothesis testing shows that the influence between net profit margin to dividend payout ratio. This is seen in the partial descriptive analysis The coefficient of determination shows that net profit margin influential big enough to dividend payout ratio of 27.40% and the rest 72.60% influenced by variables not studied in this research such as growth, free cash, liquidity , leverage and others. Furthermore, the result of hypothesis test of t test is bigger than compare t table. It can be said that net profit margin has a significant influence on dividend payout ratio.

The phenomenon in PT Bumi Serpong Damai Tbk (BSDE) of net profit margin increased in 2013 - 2014 but dividend payout ratio decreased, this is because the company will retain earnings and used to strengthen the capital structure of the company, especially in business development and subsidiary company , this indicates that other factors more influence the dividend payout ratio compared with net profit margin, such other factors.

According to Stefan (2014) factor ability company earn net profit also influence to percentage of dividend payout. Since dividends are net income earned by the company, therefore dividends will be distributed if the company makes a net profit (Rodoni and Ali, 2010: 123).

Net profit margin partially has a negative effect on Dividend Payout ratio. This means that the lower the value of net profit margin then the House of Representatives will also be lower any decrease in one rupiah net profit margin value will lower the value of dividend payout ratio. Means the company's ability is a bit in dividend payout. The company prefers to use net income to roll back net income. This result is in line with research of Rejeki (2011), Rahmawati (2008) and Yasa (2016) stating that Net Profit Margin has an effect on Dividend Payout Ratio. (Stefan, 2014), (Sarah et al, 2015), which states that Net Profit Margin has a significant effect on Dividend Payout Ratio.

4.2.2 The Effect of Firm Size on Dividend Payout Ratio

The result of hypothesis testing shows that the influence between company size to dividend payout ratio. This is seen in the descriptive analysis of most companies who are members of the LQ45 index decreased, when the size of the company increased. The relationship between firm size to dividend payout ratio of 0.358 means firm size has a low relation and relationship is positive.

The result of determination coefficient shows that firm size have low effect to dividend payout ratio equal to 8,78% and the rest 91,22% influenced by variables not studied in this research like result of sale and market capitalization. Furthermore, the result of hypothesis test of t test is bigger than compare t table. It can be said that firm size has a significant influence on dividend payout ratio.

The phenomenon that occurs in PT Wijaya Karya (Persero) incorporated in the index of LQ45 in Indonesia Stock Exchange, PT Wijaya Karya (Persero) in 2013-2014 size of the company has increased but not in part by dividend payout ratio division decreased. In response to the decrease in the dividend portion, Director of PT Wijaya Karya (Persero) Adji Firmantoro revealed that this is a step to support WIKA's business this year. Profit is used to increase working capital to support the business.

According to Sutoyo, Janiar Eko Prasetio, Dian Kusumaningrum (2011: 82) the size of a large and well established company will have easy access to enter the capital market, while the new and small companies will have many difficulties to have access to the capital market . Because of the easy accessibility of capital market to flexibility and ability to obtain fresh funds, the company is able to have a higher dividend payout ratio than a small company.

This is in accordance with research conducted by Handayani (2010) which states that the size of the company affect the level of Devidend Payout Ratio. the results of research Alfatah S (2014), Puspita F (2009) and Chasanah N. A (2008), concluded that the size of the company has a positive and significant effect on the dividend payout ratio.

V. CONCLUSIONS AND SUGGESTIONS

5.1. Conclusions

1. Net profit margin has a negative and significant effect on the Dividend Payout Ratio in the company which is incorporated LQ45 index in Indonesia Stock Exchange 2012-2016, So the increasing Net Profit Margin company Dividend Payout Ratio will decrease.
2. Firm size has a positive and significant effect on Dividend Payout Ratio in the company which is incorporated LQ45 index in Indonesia Stock Exchange 2012 -2016. Then the increasing size of the Company Dividend Payout Ratio will increase.

5.2 SUGGESTION

5.2.1 Operational Suggestions

1. For the Company

a. a. so that the company's net profit margin increases, by increasing sales, giving companies a gift or giving a discount to consumers every time they make a purchase. So net profit margin increases and net profit increases can affect dividend payout ratio increase to investor.

b. In order for the Firm size to increase, by increasing the total assets, increase sales results and increase market capitalization. Hence larger firms have easy access to sources of funding from multiple sources

2. For Investors

Investors should pay more attention to the company's financial performance, especially in terms of Net profit margin and Firm size companies in good performance and stable condition will affect the amount of dividends to be paid to investors.

5.2.2 Academic Suggestion:

1. For Science Developers

Investors should pay more attention to the company's financial performance, especially in terms of Net profit margin and Firm size companies in good performance and stable condition will affect the

amount of dividends to be paid to investors right in making the decision to invest and get results expected shareholders

2. Share Other Research

It is expected that further researchers who want to further investigate the dividend payout ratio, are expected to examine other variables affecting dividend payout ratio such as Growth, Free Cash, Liquidity, Leverage, Managerial Ownership, and other things

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