Financial Pressure, Firm Size, Asset Growth and Corporate Value: Mediation Effect Of Dividend Payout

Yani Julivia Huang, Tigor Sitorus, Ratlan Pardede
Universitas Bunda Mulia, Jakarta, Indonesia

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Abstract: The purpose of this research is to extend the relationship between financial pressure, firm size, and asset growth with the corporate value, also to find out the factors influence of corporate value, and propose the dividend pay-out as the intervening variable for filling the gap of prior research within the mining sector listed on The Indonesian Stock Exchange from 2011 until 2015. This research is a quantitative approach with a descriptive method by using secondary data in the form of financial report of the mining sector. The population in this study is all mining sector companies listed on the Indonesian Stock Exchange. The sample was taken using purposive sampling methods and obtained 29 companies that meet the criteria of sampling. This research uses the data analysis method of the Structural Equation Modelling. The result of this study proves the hypothesis is accepted exclude Financial Pressure and Asset Growth does not give significantly positive influence to Corporate Value. Thus, it can be concluded that the Dividend Pay-out variable is only able to mediate the influence of Asset Growth to Corporate Value.

1 INTRODUCTION

1.1 Background

Principally, the investor's purpose to invest their money is to get a return on the investment in the form of dividend and capital gain. The ever-increasing returns can increase the public's confidence to invest in the firm, which has a positive impact on stock price's increases and the value of the firm. The value of the firm can be referred to as the market value, so if the corporate value is high, then the prosperity level of the shareholders will also be high. (Noerirawan and Muid, 2012; Afzal and Rohman, 2012).

Based on reporting from kompasiana.com (*www.kompasiana.com.2013),* the mining sector is one of the industrial sectors that largely contribute to Indonesia, starting from the increase of export earnings, regional development, the increase of economic activity, the opening of employment, and the source of income to the central and the regional budgets. However, mining companies are included in industries that are considered vulnerable and at high risk because in this industry, profits can be obtained only with the promise of production from

mining assets in other parts of the world. Therefore, governments and authorities around the world are working to protect investors who invest in the mining industry sector. Recently, the performance of the mining sector is in poor shape. An increasing number of companies have suffered losses, caused by the firm's inability to pay dividends. In addition, stock prices in the firm sector have, on average, decreased from year to year. One of the mining sector companies that experienced a decline in stock prices from 2011 to 2015 is Harum Energy Listed, which moves in the coal mining subsector. In 2011, the firm's stock price was recorded at Indonesian Rupiah (IDR.) 6.850, in 2012 at IDR. 6.000, in 2013 at IDR. 2.750 and in 2014 at IDR. 1660, but in 2015 it was recorded at IDR. 675. (www .idx.co.id/id-id/beranda/perusahaan. 2017)

There is a gap theory between the bird in the hand theory with the dividend irrelevance theory, whereas Gordon (1963) and Lintner (1962) stated that one bird in the hand is better than 10 birds flying. In this case, the dividend announcement is a sure thing which could affect investors' decisions to buy stocks. Investors believe that dividend income has a higher value than the capital gain or capital income. Because the dividend is more certain than capital gain, the number of stock trading volume will

rise in line with the decision of investors to buy stocks. The theory of irrelevance to the dividend by Merton M. and Franco Modigliani (1958) believes that the firm is only determined by the basic ability to generate profits and business risks. In other words, the value of a firm will depend solely on the income produced by the assets-assets and, not on the part of the profits, will be divided into dividends and retained earnings.

Research has been done related to the relation between financial pressure and corporate value such as; Ririanty and Hermanto (2015) conducted research on the influence of financial pressure on stock price changes in the manufacturing sector in Indonesia Stock Exchange (IDX), and the results showed that financial pressures, measured by five Altman ratios, two of which are the ratio of working capital to total assets and earnings before interest and tax ratio to total assets, have a significant effect on stock price changes while Ardian and Khoiruddin (2014) conducted research on manufacturing companies and the results show no significant effect. Research on the effect of firm size on corporate value conducted by Ghauri (2014) showed significant negative results, while Rizqia et al. (2013) and Bernandhi and Muid (2014) showed significant positive results.

Other research on the effects of asset growth on corporate value, conducted by Siboni and Pourali (2015), Noerirawan and Muid (2012) and Rizqia et al. (2013), proves a positive and significant effect. Research conducted by Ghauri (2014) on the banking sector in Pakistan and research conducted by Sudiani and Darmayanti (2016) proves asset growth has no significant effect on stock prices or corporate value. Research on the relationship between dividend pay-out and corporate value, conducted by Siboni and Pourali (2015), Noerirawan and Muid (2014), Sitorus and Elinarty (2016), Rizqia et al. (2013), show significant positive results, while research of Bernandhi and Muid (2014) and Afzal and Rohman (2012) show insignificant results. This research is different from previous research done by Siboni and Pourali (2015), which examines the effect of asset growth variables on corporate value, and Sitorus and Elinarty (2016), who examined the effect of dividend payments with corporate value.

Based on the phenomenon and research gap mentioned above, the purpose of this research and also become the hypothesis that will be proved on the discussion of this study such as; (1). Do the financial pressures have a positive influence on corporate value?, (2). Do the financial pressures

have a positive influence on dividend pay-out?, (3). Does the size of the firm have a positive influence on the value of the firm?, (4). Does the size of the firm have a positive influence on dividend pay-out?,(5). Does asset growth have a positive influence on corporate value?, 6). Does asset growth have a positive influence on dividend pay-out?,(7) Does the dividend pay-out have a positive influence on the corporate value?.

1.2 Originality

Some prior researchs that consistent with a study the factors influence of corporate value such as; Ririanty and Hermanto (2015), Siboni and Pourali (2015) who had proved a significant direct influence of Financial Pressure, Firm Size toward corporate value, also Sitorus and Elinarty (2016) who had proved direct influence of Financial Pressure, Firm Size and Asset Growth on corporate value. This research differs from the prior researchs, even this research tried to offer a novelty that is trying to synthesize three concepts in financial accounting theory as a factor influencing corporate value like Financial Pressure, Firm Size and Asset Growth mediated by dividend pay-out. Furthermore, this study using a Structural Equation Model (SEM) with AMOS software 23, where through this method will uncover the latent construct.

2 THEORETICAL REVIEW

2.1 Signalling Theory

The firm may use paid dividend changes to inform about future growth opportunities of the firm. So, because of the asymmetric information between markets and firms, investors will consider dividend increases good news and dividend declines bad news when assessing a firm (Baker and Powell, 2012; Basiddiq and Hussainey, 2012). Investors prefer a stable and predictable dividend pay-out and usually investors will assume a dividend change as a signal of prospects (Koh et al., 2014; Shamsabadi et al., 2016).

2.2 Financial Pressure

According to Ross et al. (2013), companies with insufficient cash flows must perform contractual financial obligations, such as interest payments, and are categorized as companies subject to financial distress. Companies that cannot perform the

payment obligation are forced to sell their assets or reorganize their financial structure. Depressed financial conditions can lead to dividends, factory closures, losses, layoffs, CEO withdrawal, and stock price plundering. Meanwhile, Koh et al. (2014) stated that companies with an unstable income will be more at risk of bankruptcy.

2.3 Firm Size

According to Bernandhi and Muid (2014), larger companies tend to be more established because the larger the size of the firm, the more assets are owned, so that investors tend to be more confident in investing in the firm, and the risk of the firm is considered low. Kamat and Kamat (2013) prove that firm size, income, and dividends are positively related; therefore, larger companies can gain high profits and distribute large dividends. According to Utama and Rohman (2013), the size of the firm has a considerable influence on the value of stocks because investors see the size of the asset as a firm's ability to run its operations. Rafique (2012) and Shamsabadi et al. (2016) explain that large companies are more established and have an easier time entering the capital market. Thus, the firm's cash flows more smoothly and will affect the policy of dividend pay-out in the firm.

2.4 Asset Growth

Asset growth is a total asset change compared to the asset's total value of the previous year (Ghauri, 2014). While, according to Wang et al. (2016), companies paying dividends have high asset growth ratios compared to firms that do not pay dividends. Siboni and Pourali (2015) and Rizqia (2013) state that asset growth may increase investment opportunities in projects that benefit the firm. Because asset growth improves the firm's operating results, the decision to invest is dependent on how a firm's assets growth. Companies with high asset growth tend to have investment opportunities on profitable projects. When the lucrative investment opportunity increases then the dividend pay-out will decrease, but the investor's view of the firm's value is good.

2.5 Dividend Pay-out

The dividend pay-out ratio is the percentage of profit paid to the shareholders in cash (Afzal and Rohman, 2012). In Koh et al. (2014), the ratio of payments should be lower than the distribution ratio

because the distribution ratio includes cash dividends and stock repurchase. Stock repurchase is when a firm buys back shares of circulation. An equally high distribution and payment ratio indicates that the firm pays a large dividend and slight stock repurchase. In this situation, the dividend yield is relatively high, and the expected capital gain is low. If the firm has a high distribution ratio but a low payment ratio, the firm pays a low dividend and regularly performs stock repurchase; therefore, its dividend yield is low and capital gain is high. The stability of a firm's dividend pay-out will affect the investor's view of the firm's performance and increase public confidence in the firm so that the stock can reach higher prices (Shamsabadi, 2016; Sitorus and Elinarty, 2016)

2.6 Corporate value

Corporate value is the market value of the firm, which is the price the investor is willing to pay (Noerirawan and Muid, 2012; Afzal and Rohman, 2012). In Koh et al. (2014), the value of the firm depends on the firm's ability to generate free cash flow. Free cash flow is what will be distributed to investors in the form of dividends. So, the firm can increase its value by making and choosing which dividend policy will benefit.

Based on the theory that has been described above, it can be expressed as state of the art in this study as a basis for analyzing the problems of factors affecting corporate value such as; the Dividend Pay-out is the most important role in the overall Corporate Value, while the Financial Pressure, Firm Size, Asset Growth are very important between the corporate with the investor while building the relationships in order obtained a high Corporate Value, so the firm like mining sector must maintain the Corporate Value.

3 RESEARCH METHOD

3.1 Design of research

Subjects in this study are mining sector companies listed on the Indonesia Stock Exchange period 2011-2015. The reason why this sector as subject of this study because the financial performance of the mining sector in the world even Indonesia is in poor shape in this period (www.pwc.com), so it is not possible to take all the companies in the world as a population because of limited time and budget, while the object in this

research are financial pressure, firm size, asset growth and corporate value. This research is a quantitative approach with a descriptive method that describes the object of research at its present state based on facts as they are analysed and interpreted (Siregar, 2015). Furthermore, the data used in this research is quantitative data that is secondary data in the form of financial reports of the mining sector firm from 2011-2015, obtained from the Indonesia Stock Exchange (www.idx.co.id), and the population in this study is all mining sector companies listed on the Indonesia Stock Exchange from 2011-2015. Thus, the total number is 42 companies, while the sample in this research is 29 companies that meet the criteria of purposive sampling as follows: 1) the companies are listed in the mining sector on the Indonesia Stock Exchange from 2011-2015; 2) the companies' financial statements are completed and accessible; 3) the financial statements used are those which ended on 31 December every year.

3.2 Operationalization of Research Variables

The **independent** variable in this study is Financial Pressure (FD) measured by the Altman Z-score with the formula:

$$FD = 1{,}2\,X_1 + 1{,}4X_2 + 3{,}3X_3 + 0{,}6X_4 + 1{,}0X_5$$

Notes:
X1 = Working capital divided total assets ratio
X2 = Retained earnings divided total assets ratio
X3 = Earnings before interest and taxes divided total assets ratio
X4 = Market value of equity divided book value of long-term debt ratio
X5 = Sales divided total assets ratio

Also, Firm Size (FS) is measured by the logarithm of total assets.

Asset Growth (AG) is measured by the asset growth ratio that is the ratio of changes in total assets from the current year to the previous year against the total assets of the previous year.

$$G = \frac{Total\ assets_t - Total\ assets_{t-1}}{Total\ assets_{t-1}}$$

Notes:
Total assets t = Total assets in current year , Total assets t-1 = Total assets in the previous year

The **Intervening Variable** in this research is Dividend Pay-out (DP) as measured by the dividend pay-out ratio that is dividend per share ratio to earnings per share. The reason DP as intervening because according with Lintner (1962), Gordon (1963) in theory Bird in the hand, explained that investors want higher dividend and affect investors' decisions to buy stocks.

$$DP = \frac{Dividend\ per\ share}{Earning\ per\ share}$$

The **Dependent variable** in this study is the Corporate value (FV) as measured by Price to Book Value (PBV) and Closing Price or closing stock price at the end of the period.

$$PBV = \frac{Market\ price\ per\ share}{Book\ price\ per\ share}$$

The method of analysis in this research is SEM using the program AMOS version 23. SEM is a multivariate statistic technique which is a combination of factor analysis and regression analysis, which aims to test inter-variable relationships that exist in a model, be it an inter-indicator with its construct, or an inter-construct relationship (Santoso, 2014), while this study using Amos because enable to use multiple indicators of this variables.

4 RESULTS

4.1 Descriptive Statistics

Table 1: Descriptive Statistics of Research Variables

	N	Minimum	Maximum	Mean	Std. Deviation
FD	137	-4,5632	358,0376	15,461366	41,902895
FS	137	10,0117	13,9149	12,629319	,744846
AG	137	-,4385	47,6913	,646921	4,215989
DP	137	,0000	,9822	,179202	,260611
PBV	137	-1,5432	11,2029	1,740465	2,140966
CP	137	12,86	18.000,00	1.567,5758	3.286,72048
Valid N (list wise)	137				

Source: Output of SPSS 22

Table 1 show that the amount of data used in this study equals 137. In Table 1, it is proven that the minimum value of Financial Pressure (FD) is -4.5632; for example, PT Bumi Resources Listed in 2015 means that the firm is predicted to go bankrupt because the firm's Altman Z-score is less than 1.81. This is because in 2010-2011, PT Bumi Resources Listed, one of the coal mining firms owned by Bakrie Group, proved negligent to pay taxes on IDR.376 billion. The amount of debt that has not been paid by the firm is high, and this firm is also involved in the Lapindo Mudflow case in Sidoarjo, East Java. These issues result in a loss of public confidence in the firm, and the firm loses its external funding and has insufficient cash flow to pay off its financial obligations. The average value of Financial Pressure is 15,461366 and deviation standard equal to 41,902895, meaning uneven data spread, because of the difference between data one with other highs. The minimum value of the Firm's Size (FS) is 10,0117, like Resources Asia Pacific Listed in 2011, meaning that the firm has a small amount of assets so that the prospect of the firm in the future is considered unfavourable, so investors become less confident to invest in the firm. The average value of variable Size of Firm is equal to 12,629319, bigger than standard deviation value equal to 0,744846, meaning the spread of data is even, because of the difference between data one with other lows. The lowest asset growth value is -0.4385, owned by Perdana Karya Perkasa Listed in 2015; it indicates that the condition of the firm is decreasing in its business activity and the level of the firm's investment is low because the firm does not have sufficient funds or assets to allocate to profitable investment. The average value for Asset Growth is 0.646921 with a standard deviation of 4.215989, indicating that the data spread from asset growth in this study is uneven, because there is a high difference between the data one with other data. The lowest value of Dividend Payment is zero; this figure is present in 81 sample data from 2011-2015, meaning that many mining sector companies suffer losses, so they do not pay dividends to shareholders. The average value of the Dividend Payment is 0.179202 and the standard deviation is 0.260611, meaning that the data distribution for dividend pay-out in this research is uneven, because the difference between data one with other data is high. The lowest value of Price to Book value (PBV) is -1.5432, owned by Bumi Resources Listed in 2013, meaning that the value given by the financial market to management or the firm is low, indicating the low prosperity of the shareholders of the firm. The loss of public confidence in this firm occurred because in 2010-2011 PT Bumi Resources Listed, one of the coal mining firms owned by Bakrie Group, proved negligent to pay taxes on IDR.376 billion. The amount of debt that has not been paid by the firm is high, and this firm is also involved in the Lapindo Mudflow case in Sidoarjo, East Java. The average value for the PBV is 1.740465 and the standard deviation of 2.140966, meaning an uneven distribution of PBV data, because it found a high difference between the data one with the other data. The minimum value of Closing Price (CP) is owned by PT J Resources Asia Pacific Listed in 2011, amounting to IDR.12.86, meaning that the demand for J Resources Asia Pacific Listed shares is low because the public or investors are less confident in investing in this firm, so that the value of the firm is considered low. This could be because in 2011, the size of the firm J. Resources Asia Pacific Listed was classified as small, so that the companies were considered high risk and investors were afraid to invest. The average value of Closing Price is

1.567,5758 and its standard deviation is 3.286,72048, showing that the spread of data for closing price is uneven, because the difference of data one with other data highs.

4.2 Test Full Model of SEM

SEM analysis aims to test the feasibility of a full model of this study. Testing the entire model in this study used AMOS 23 to view and analyse its Goodness of Fit (GOF). Structural equation modelling analysis of this study is shown on table 2 below.

Table 2: Testing Results Goodness of Fit Index

Goodness of Fit Index	Cut-of Value	Result	Remark
Chi-square (χ^2)	$\leq \alpha$, df	6,402	Good Fit
Probability	$\geq 0,05$	0,094	Good Fit
CMIN/DF	≤ 2 or 3	2,134	Good Fit
GFI	$\geq 0,90$	0,985	Good Fit
AGFI	$\geq 0,90$	0,895	Marginal Fit
IFI	$\geq 0,90$	0,964	Good Fit
TLI	$\geq 0,90$	0,793	Marginal Fit
CFI	$\geq 0,90$	0,959	Good Fit
RMSEA	$\leq 0,08$	0,091	Marginal Fit

Source: Output of AMOS 23

Based on Table 2, it is an evident that almost all the fit model criteria in this research model show good or fit results, except AGFI, TLI, and RMSEA, which show marginal fit results; overall, however, this model looks good and can be used as a model to predict the effect of independent variables on dependent variable as described below in hypotheses testing.

4.3 Test of relationship between variables

Bellow are a figure 1or Path Diagram for Full Model in this research and table 3 that describes the relationship between variables, whereas the independent variables that indicated by FD, FS, AG and the intervening variable that indicated by DP also observeable because it is measureable, while the dependent variable (FV) is un obserable and it is not measureable, and so FV it still has to be reduced as measureable indicators such as PBV and CP and the data obtained from financial statements.
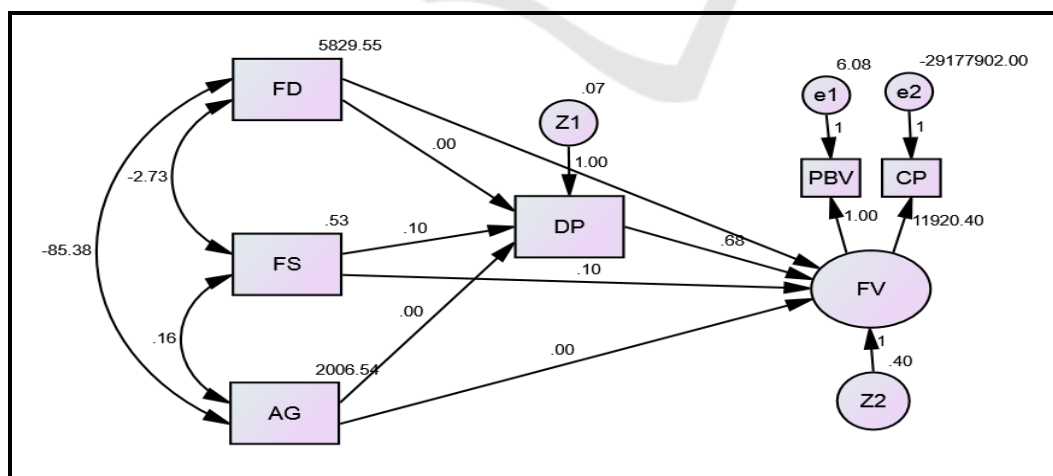

Figure 1: Full Path Diagram Model Research

Table 3: Coefficient estimate of the influence of between variables

			Estimate	S.E.	C.R.	P	Label
FV	<---	FD	.000	.000	-.204	.838	Rejected
DP	<---	FD	.001	.001	2.290	.022	Accepted
FV	<---	FS	.033	.017	1.903	.057	Accepted
DP	<---	FS	.089	.029	3.126	.002	Accepted
FV	<---	AG	-.001	.002	-.673	.501	Rejected
DP	<---	AG	.009	.005	1.707	.088	Accepted
FV	<---	DP	.161	.067	2.402	.016	Accepted

Source: Results of AMOS 23

Notes :
Financial Pressure=FD, Firm Size =FS, Asset Growth =AG, Dividend Pay-out =DP, Corporate value =FV, Price Book Value= PBV, Closing Price=CP

The structural equations generated by the fit model are as follows:

$$DP = 0.001 FD + 0.089 FS + 0.009 AG + e.....(1)$$

$$FV = 0.033 FS - 0.001 AG + 0.161 DP + e..(2)$$

Based on the first structural equation model, if the Financial Pressure variable rises by 1 unit and the other variable remains, then the Dividend Pay-out will rise by 0.001 units. If the Firm Size variable rises by 1 unit and the other variable remains, then Dividend Pay-out will rise by 0.089 units. If the Asset Growth variable rises by 1 unit and the other variable remains, Dividend Pay-out will rise by 0.009 units. Based on the second structural equation model, if the Firm Size variable rises by 1 unit and the other variable remains, the Corporate value will increase by 0.033 units. If the Asset Growth increases by 1 unit and other variable are fixed, then the Corporate value will decrease by 0,001 unit. If the Dividend Pay-out rises by 1 unit and the other variable remains, then the Corporate value will rise by 0.161 units.

5 DISCUSSIONS

Based on Figure 1 and Table 3, as mentioned above, the hypotheses are derived as follows.

1) The Influence of Financial Pressure to Corporate value (H1)

The results of this study shows that the value of the influence of Financial Pressure on Corporate Value is 0 with Critical Ratio (CR) value of -0.204 and P of 0.838. Because the value of CR ≤ 1.645 and P ≥ 0.10, H1 is rejected, meaning that the variable of Financial Pressure has no positive and significant influence on Corporate Value. The results of this study support the research of Ardian and Khoiruddin (2014). The financial stress conditions experienced by the firm do not affect the value of the firm. The financial pressures in this study were measured using Altman Z-score bankruptcy predictions. Thus, the prediction of a firm's bankruptcy does not affect the shareholder's prosperity and the stock price of the firm itself.

2) The Influence of Financial Pressure to Dividend Pay-out (H2)

The results of this study also shows that the output shows the value of the effect of Financial Pressure on Dividend Pay-out by 0,001, with CR value 2,290 and P equal to 0,022. So, since the value of P 0.022 is smaller than 0.10 and CR value 2,290 is greater than 1,645 or meets the criteria, then H2 is accepted, it means that the variable of Financial Pressure has a positive and significant effect on Dividend Pay-out. The results of this study support Pathan et al. (2014), which explains that companies experiencing financial pressures use dividends to increase their external financing by reducing their financing costs. Also, the study conducted by Cohen and Yagil (2009) found that firms with financial distress had higher dividend pay-out ratios than firms with no financial stress (stable). In addition, the results of this study also support the signalling theory in Baker and Powell (2012) and Basiddiq and Hussainey (2012), which explain that with the asymmetric information between firms and markets and the dividend payments made by the firm can inform investors about the state of the firm.

3) The Influence of Firm Size to Corporate Value (H3)

The results of this study also shows that the effect of Firm Size on Corporate Value is positive 0,033, CR is 1,903 and P value is 0,057. Thus, the P and CR values meet the criteria P ≤ 0.10 and CR ≥ 1.645 and H3 is accepted, meaning that Firm Size has a positive and significant effect on Corporate Value. The results of this study are in line with Rizqia et al. (2013) and Bernandhi and Muid (2014), where the bigger size firms have a higher value. Larger firms tend to be more established because the larger the size of the firm, the more assets they have, so investors tend to be more confident in investing in the firm, and the firm's risk is low (Bernandhi and Muid, 2014).

4) The Influence of Firm Size to Dividend Pay-out. (H4)

The results of this study also shows that the value of the effect of Firm Size on Dividend Pay-out is positive at 0.089. The obtained value of CR is 3.126 ≥ 1.645 and the value of P is 0.002 ≤ 0.10. Thus, H4 is accepted, meaning that the Firm Size variable has a positive and major influence on Dividend Payment. The results of this study support the research of Basiddiq and Hussainey (2012), Rafique (2012), Bernandhi and Muid (2014), and Karina and Darsono (2014), where the size of the firm and the dividend pay-out move in the direction of the larger the size of a firm, the higher the dividend pay-out. Because large firms are more established and find it easier to enter the capital market, the firm's cash flow is more fluent, affecting dividend pay-out policies in the firm (Rafique, 2012; Shamsabadi et al., 2016).

5) The Influence of Asset Growth to Corporate Value (H5)

The results of this study also shows that the obtained value of influence between Asset Growth and Corporate Value is -0.001, with a Critical Ratio of -0.673 and P value of 0.501. Because CR -0,673 < 1,645 and P value 0.501 > 0.10, H5 is rejected, or the variable Growth of Asset has a negative effect not significant to Corporate value. So, the results of this study support Ghauri (2014) and Sudiani and Darmayanti (2016), where a higher asset growth will decrease corporate value but not significantly. A high amount of assets may not attract investors because if the amount of debt-financed assets is greater than the capital, then investors are afraid of the risk of debt repayment in the future. Therefore,

investors are not interested in investment in the firm because the value of the firm is considered low (Utama and Rohman, 2013). Furthermore Azmat (2014) states the companies that have high asset growth but do not invest will be low interest for investors.

6) The Influence of Asset Growth to Dividend Pay-out (H6)

The results of this study also shows that the value of the influence of Asset Growth on Dividend Payment is positive 0.009, where CR value is 1.707 and P is 0.088. Thus, the probability value is less than 0.10 and its critical ratio is more than 1.645, and H6 is accepted, meaning that Asset Growth has a positive and significant effect on Dividend Pay-out. This result is in line with Siboni and Pourali's research result (2015) that increased asset growth will increase the firm's dividend pay-out because asset growth can improve the firm's operating results and thus the firm's free cash flow will increase, and the firm will pay more dividends. In accordance with the results of research, Wang et al. (2016) states that a firm that performs dividend pay-out is a firm that has characteristics of high asset growth ratio.

7) Effect of Dividend Pay-out to Corporate Value (H7)

The results of this study also shows that the effect of Dividend Pay-out to Value of Firm is positive 0.161, with CR of 2.402 and P-value of 0.016. Since the p and CR values meet the criteria P ≤ 0.10 and CR ≥ 1.645, then H7 is accepted, meaning that Dividend Pay-out has a positive and significant effect on Corporate Value. The results of this study support Siboni and Pourali (2015), Noerirawan and Muid (2012), Sitorus and Elinarty (2016), Rizqia et al. (2013), Ririanty and Hermanto (2015). Table 3 also proved that the direct influence of the independent variables (FD, FS, AG) toward the dependent variable (FV) are not significantly exclude FS, but if through DP as intervening variable the influence be significantly. So, by paying high dividends, the value of the firm is also high. Companies paying high dividends will require external funding, so managers will not engage in unfavourable activities for the firm. Therefore, by paying a high dividend, the agency cost will decrease, the shareholders' welfare will increase, and the firm's value will also increase (Rafique, 2012; Baker and Powell, 2012; Baker and Weigand, 2015 and Koh et al., 2014), Richard and John H Thornton Jr. (2017).

6 CONCLUSION

6.1 Conclusion

1) Corporate value is not significantly and positively influenced by Financial Pressure, so H1 is rejected. This research is in line with the results of Ardian and Khoiruddin (2014). Corporate value is not affected by the financial pressures faced by the firm. This is based on descriptive statistics of financial stress as measured by Altman Z-score, in which companies that have an Altman Z-score value over 2.99 are predicted not to be bankrupt.

2) Dividend pay-out is significantly and positively influenced by Financial Pressure, so H2 is accepted. The results of this study support Pathan et al. (2014), Cohen and Yagil (2009), and signalling theory. Companies that are facing financial distress will make high dividend pay-outs. This is supported by the descriptive statistics of financial pressures, as measured by Altman Z-score, showing that there are some companies that have an Altman Z-score value of < 1, 81, or predicted to go bankrupt but still make a high or above-average dividend pay-out.

3) Corporate values are significantly and positively influenced by Firm Size, so H3 is accepted. This result is in line with the results of Rizqia et al. (2013) and Bernandhi and Muid (2014) that the larger the size of a firm, then the higher the value of the firm. This is supported by the firm's descriptive statistics measured by the logarithm of total assets, indicating that several large companies have low or below average value of book-to-book value and average closing price.

4) Dividend pay-out is significantly and positively influenced by Firm Size, so H4 is accepted. The results of this study support the research of Basiddiq and Hussainey (2012), Rafique (2012), Bernandhi and Muid (2012), and Karina and Darsono (2014) that the larger the size of a firm, the larger the dividend payments made by the firm. The results of this study are based on descriptive statistics of firm size measured by the logarithm of total assets, indicating that large companies make payments dividends that are high or above average while Small companies did not pay dividends.

5) Corporate value is insignificantly and negatively influenced by Growth of Assets, so H5 is rejected. The results of this study support to Ghauri (2014) and Sudiani and Darmayanti (2016). Higher asset growth will reduce corporate value, but not significantly. These results are based on descriptive statistics of asset growth as measured by the ratio of total asset changes for the previous years, and total

assets of the previous year, indicating that companies with high asset growth have the value of the firm or price to book value, and a closing price that is low or below average. Companies whose asset growth is low or below average have the high corporate value.

6) Dividend pay-out is significantly and positively influenced by Asset Growth, so H6 is accepted. This result is in line with the results of Siboni and Pourali (2015) and Wang et al. (2016). Higher asset growth will increase dividend pay-outs. Based on the descriptive statistics of asset growth as measured by the ratio of the total current and previous asset changes to the total previous assets, indicating that companies with high asset growth have high or above-average dividend pay-outs. While Some companies with low asset growth did not pay dividends.

7) Corporate value is significantly and positively influenced by Dividend Payment, so H7 is accepted. The results of this study support Siboni and Pourali (2015), Noerirawan and Muid (2012), Sitorus and Elinarty (2016), Rizqia et al. (2013), Ririanty and Hermanto (2015). Companies that pay higher dividends will have high corporate value, too. These results are based on descriptive statistics of dividend pay-out ratio who pay high dividends and have the value of the firm (price to book value and closing price), which are also high or above average. 81 sample data of companies that do not pay dividends, and have low or below average value. This evidence proves that the Dividend Payout as intervening variables may mediate the influence of Asset Growth and Financial Pressure toward Corporate Values.

6.2 Implication and Limitation

For Academic implication, the results of this study contributed to the form of academic advice that can fill the gap in previous research about the causal relationship between Asset Growth with Corporate Values, like that conducted by Siboni and Pourali (2015), which examines the positive influence of asset growth variable on corporate value. Meanwhile, Ghauri (2014) and Sudiani and Darmayanti (2016) state an insignificant influence of asset growth on corporate value, so both models can be developed by adding the dividend pay-out as an intervening variable indicating the dividend payments in cash. Thus, there is an indirect relationship between profitability and debt ratio, with a value of stock that is stronger than a direct relationship, while for **Practical Implication,** This

research also briefly gives contribution that the mining sector firm listed on the Indonesian Stock Exchange may increase the value of the firm by paying more attention to firm size, asset growth, and consist of making the dividend pay-out, as these factors become the determinants of the firm's value in the mining industry sector, and for Investors. Investors are advised to other potential investors for choosing larger size firms and higher asset growths, also high dividend pay-outs, before deciding to invest their money in companies engaged in the mining industry.

Limitations of Research ; Limitations in this study are: (1). this study only measures the influence of four variables: financial pressure, firm size, asset growth and dividend pay-out to corporate value; (2). this study uses only five years' time frame data from 2011-2015; (3). the population and samples used in this study only focus on companies in the mining sector listed on the Indonesia Stock Exchange, so that the results of this study are only able to explain the effect of variables on the value of the firm on mining, and did not rule out that there are different effects on other types of industries. Some suggestions from this research include that future researchers use the Adjusted Goodness of Fit Index (AGFI) or Coefficient of Determination (R^2), which indicates that the influence of variable Finance Pressure, Firm Size, Asset Growth, and Dividend Payment to Corporate value is 89.5%, while the remaining 10.5% is influenced by other variables outside this model. So, the next researcher should use other factors that are external, like inflation rate, interest rate (Noerirawan and Muid, 2012), so that the results can be more varied. An increase of the observation period is also suggested, so that the research can truly illustrate the effect of financial pressures, firm size, and asset growth on corporate value through dividend pay-out. Conducting research on other types of industries outside the mining sector will help future researchers see the variation of research results.

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