The mediating role of dividend payout ratio on the effect of cash ratio and return on equity to price-earnings ratio (a study at food and beverage companies listed on the Indonesia Stock Exchange)

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Abstract

The aim of this research is to obtain empirical evidence of the ability of cash ratio, return on equity, and dividend payout ratio to influence the price-earnings ratio, either directly or through the mediation of the dividend payout ratio. The study used a purposive sampling method based on the applied criteria, generating 15 companies (40 panel data) as a result. The path analysis model was used and the data were estimated using panel data regression by applying the software of eviews ver. 12. For the mediation test, the calculation for the sobel test was employed. The results show that neither the cash ratio nor the return on equity were able to increase the dividend payout ratio. The cash ratio was able to increase the price-earnings ratio, while the return on equity and dividend payout ratio were not able to affect the price-earnings ratio. Other findings show that the dividend payout ratio was not capable of acting as a strong mediator. This research is expected to uncover and understand the problems faced by food and beverage companies, especially those related to the variables being analyzed.

INTRODUCTION

Price-earnings ratio is a calculation method based on the selling price of the company to the buyer when a company is sold. This price is obtained from the comparison of the stock price with the company's net profit. A high price-earnings ratio of a stock can define the stock as having an expensive value if in the future the company cannot achieve a higher net profit. The high or low price-earnings ratio is determined by comparing it between the price-earnings ratios of other stocks or the appropriate sector/market price earnings for comparison. Companies with losses do not have a price-earnings ratio (Brigham & Houston, 2010) .

One of the factors that might affect the price-earnings ratio is the announcement of dividends, in this case the dividend payout ratio. According to Asquith & Mullins (1983), the announcement of dividend payments is a source of information that causes a strong and positive market reaction. Research conducted by Apriani (2005) concluded that the market reacts strongly to the announcement of an increase/decrease in dividends as indicated by the difference in stock prices before and after the announcement of an increase/decrease of dividends.

Meanwhile, the dividend payout ratio is influenced by the company's liquidity, which in this study is the cash ratio. Dividends are cash outflows, where the greater the amount of available cash, the better the company's liquidity, and the greater the company's ability to pay dividends (Harjito & Martono, 2010). A high level of liquidity will indicate that the company is in good condition so that it will increase the demand for shares and of course will increase the share price. Stock prices will also tend to decrease if investors consider the company to be too liquid, meaning that there are productive assets that are not utilized by the company, and the non-utilization of these assets will increase the burden on the company because of maintenance costs and storage costs that must continue to be paid (Lybryanta et al. , 2015) .

In addition to the cash ratio, return on equity is also one of the factors that have the potential to affect the dividend payout ratio. A potential investor needs to see the ROE of a company before deciding to invest in order to find out how much profit will be generated from the investment he makes (Sitepu, 2010). The higher the level of profit earned, the higher the company's ability to pay dividends and, thus, the company's stock price.

Research on the effect of financial performance on dividend policy has been widely carried out. Sujasno (2004) found that the cash ratio, debt ratio and return on investment partially and simultaneously have a significant effect on the dividend payout ratio. The results of research by Meliana et al. (2020) showed that partially, return on equity and debt to equity ratio proves to have a significant role in influencing the dividend payout ratio; whereas, the cash ratio proved to have no significant effect on the dividend payout ratio. In contrast to Marlina & Danica (2009) who used such financial variables as cash position, debt to equity ratio and return on assets, the debt to equity ratio does not have a significant effect on the dividend payout ratio .

Nugroho (2004), using factor analysis in his research, found that the cash ratio has no effect on the dividend payout ratio. The results of research conducted by Deitiana (2013) also showed that there is no effect between return on equity and dividend payout ratio .

Febriana et al. (2016) examined the effect of capital structure, dividend policy, firm size, managerial share ownership and profitability on firm value. The results of the study found that capital structure, dividend policy, firm size, and profitability have a positive and significant effect on firm value. Hasugian (2009) found different results, where dividend policy as an independent factor on stock prices as the dependent variable indicated that there was no partial and simultaneous effect of dividend policy on stock prices after the ex-dividend date .

Based on the background of the problem as described above, the research problem can then be formulated, i.e., whether the dividend payout ratio is able to act as a mediator of the effect of cash ratio and return on equity on the price-earnings ratio. The research aim is to obtain empirical evidence of the ability of the dividend payout ratio to mediate the effect of cash ratio and return on equity on price-earnings ratio.

CONCEPTUAL FRAMEWORK AND HYPOTHESES

Price-earnings ratio is the ratio of the company's stock price to the company's earnings per share. This ratio is used to assess companies and to find out whether they are overvalued or undervalued. The thing that has the closest effect on the price-earnings ratio is the dividend payout ratio, while the thing that has the closest effect on the dividend payout ratio is the cash ratio and return on equity.

This study places the dividend payout ratio as the mediating variable. The relationships among these variables can be drawn into the research conceptual framework as follows.
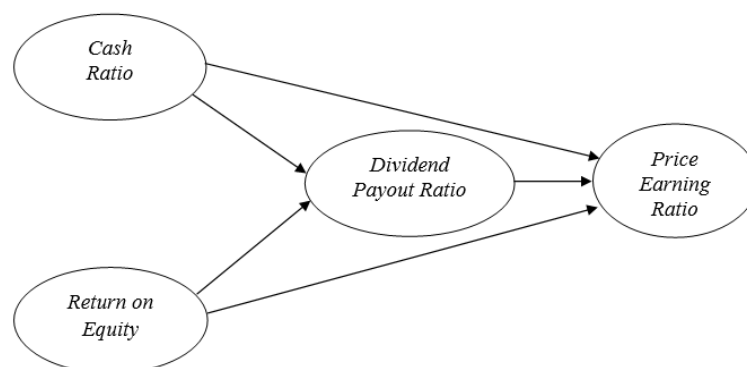
Figure 1. Research Conceptual Framework

Referring to the problem and the conceptual framework of the research, the following hypotheses can be formulated.

1. Hypothesis 1 (H1): It is expected that the cash ratio can affect the dividend payout ratio in food and beverage companies listed on the Indonesia Stock Exchange.

2. Hypothesis 2 (H2): It is expected that return on equity can affect the dividend payout ratio in food and beverage companies listed on the Indonesia Stock Exchange.

3. Hypothesis 3 (H3): It is expected that cash ratio can affect the price-earnings ratio in food and beverage companies listed on the Indonesia Stock Exchange.

4. Hypothesis 4 (H4): It is expected that return on equity can affect the price-earnings ratio in food and beverage companies listed on the Indonesia Stock Exchange.

5. Hypothesis 5 (H5): It is expected that dividend payout ratio can affect the price-earnings ratio in food and beverage companies listed on the Indonesia Stock Exchange.

6. Hypothesis 6 (H6): It is expected that dividend payout ratio can act as a strong mediator of the effect of the cash ratio on the price-earnings ratio in food and beverage companies listed on the Indonesia Stock Exchange.

7. Hypothesis 7 (H7): It is expected that dividend payout ratio can act as a strong mediator of the effect of return on equity on price-earnings ratio in food and beverage companies listed on the Indonesia Stock Exchange.

RESEARCH METHODS

The approach used was quantitative research, where the statistical formulas were used to help analyze the data and facts. The population in this study were all food and beverage companies listed on the IDX during the research period (2019-2021) with a total of 39 companies. This research used the purposive sampling method, i.e., the sampling technique from all members of the population based on the criteria applied based on the research objectives, namely:

1. Food and beverage companies listed on the Indonesia Stock Exchange and presenting financial statements for the 2019-2021 period.

2. Food and beverage companies that distribute cash dividends.

After applying the first criterion, there were 27 companies left with a total of 81 panel data. Then, when applying the second criterion, the remaining 15 companies were obtained with a total of 40 panel data. The data were sourced and processed from secondary data obtained from the website https://www.idx.co.id/id.

The following information in Table 1 are operational definitions and measurement of variables.

Table 1. Definition of Operational Variables and Measurements

No	Variable	Symbol	Measurement
1	*Cash Ratio*	CR	*Total Cash + Marketable Securities / Total Current Liabilities*
2	*Return on Equity*	ROE	*Net Income / Average Shareholders Equity*
3	*Dividend Payout Ratio*	DPR	*Dividend Per Share (DPS) : Earning Per Share (EPS)*
4	*Price-earnings Ratio*	PER	*Price of Stock / Earnings per Share*

Path analysis model was used to estimate using panel data regression by applying eviews software version 12. Meanwhile, the mediation test used a calculation for the sobel test.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Variable descriptions in the descriptive statistics used in this study included the average value, minimum value, maximum value, and standard deviation of one dependent variable, namely the price-earnings ratio, one mediating variable, namely the dividend payout ratio, and two independent variables, namely cash ratio and return on equity.

**Table 2.** Results of Descriptive Statistical Analysis

| Ratio	mean	Minimum	Maximum	std. Dev.
CR	138.82	1.72	948.96	192.90
ROE	16.95	1.87	105.24	17.37
DPR	59.74	6.99	262.40	58.07
PER	21.96	4.61	129.29	20.19

Based on Table 2, it can be explained that the cash ratio (CR) shows a mean (average) value of 138.82. Furthermore, the minimum (lowest) value was 1.72, the maximum (highest) value was 948.96 with a standard deviation of 192.90. The return on equity (ROE) shows a mean (average) value of 16.95. Furthermore, the minimum (lowest) value was 1.87, and the maximum (highest) value was 105.24 with a standard deviation of 17.37. The dividend payout ratio (DPR) shows the mean (average) value of 59.74. Furthermore, the minimum (lowest) value was 6.99 and the maximum (highest) value was 262.40 with a standard deviation of 58.07. Price-earnings ratio (PER) shows the mean value (average) of 21.96. Furthermore, the minimum (lowest) value was 4.61, the maximum (highest) value was 129.29 with a standard deviation of 20.19.

Data Stationarity Test

Stationarity occurs when the mean and variance of the time series data do not change systematically over time (constant). This study uses graphs and correlogram methods to see the stationarity of the data.

The graph in Figure 2, as a whole, is around the average, or in other words the time series data on the ratios of CR, ROE, DPR, and PER in food and beverage companies had a constant average value but not a non-constant variance.
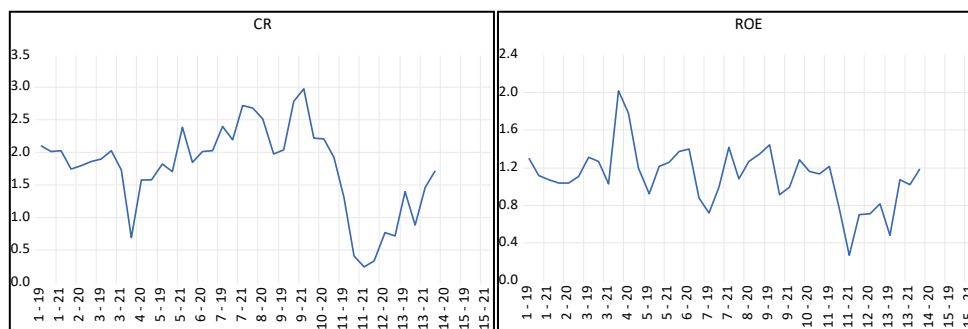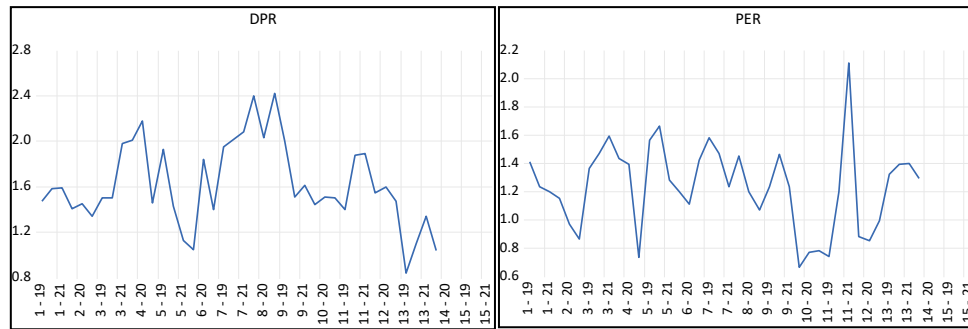
Figure 2. Stationarity Test Results of Graph Method Data

Furthermore, in the correlogram method, the results of the analysis of each CR, ROE, DPR, and PER ratio data are obtained, namely the Q-Stat value had a probability less than 0.05, meaning that the data has met the stationary requirements.

Classic assumption test

1. Normality Test Results

This test aims to determine whether the residual value that has been standardized in the regression model is normally distributed or not. This test is done by looking at the Jarque-Bera value and the Probability value. The assessment criterion was if the Jarque-Bera value is less than the Chi-Square table value and the probability value is greater than 0.05, it can be said that the data is normally distributed.

Table 3. Summary of Normality Test Results

Ratio	Score *Jarque-Bera*	Score Probability	Score *Chi-Square* Table
CR	2.833837	0.242460	5,991
ROE	3.731620	0.154771	5,991
DPR	0.559945	0.755804	5,991
PER	0.336785	0.845022	5,991

From Table 3 above, it appears that the *Jarque-Bera value* was smaller than *the Chi-Square* Table (df2, 0.05) and the probability value was greater than 0.05. Thus, it can be said that the CR, ROE, DPR and PER. in this study normally distributed.

2. Multicollinearity Test Results

This test is useful to determine whether the regression model finds a correlation between the independent variables. A good model is a model in which there is no correlation between the independent variables. If the correlation coefficient between independent variables > 0.8, it can be concluded that the model has multicollinearity problems. On the other hand, the correlation coefficient < 0.8 means the model is free from multicollinearity.

Table 4. Multicollinearity Test Results

	DPR	CR	ROE
DPR	1	0.13878614...	0.22143360...
CR	0.13878614...	1	0.29016188...
ROE	0.22143360...	0.29016188...	1

Based on the results in Table 4, it can be seen that all the correlations between the independent variables did not have a value of more than 0.8. This means that in this regression model there is no multicollinearity, or in this model there is no correlation between the independent variables.

3. Heteroscedasticity Test Results

This test is used to determine whether the residual has a homogeneous (constant) variance or not. With the heteroscedasticity test, it is expected that the residuals will have a homogeneous variance. Testing is done by actual test, fitted, residual diagram.
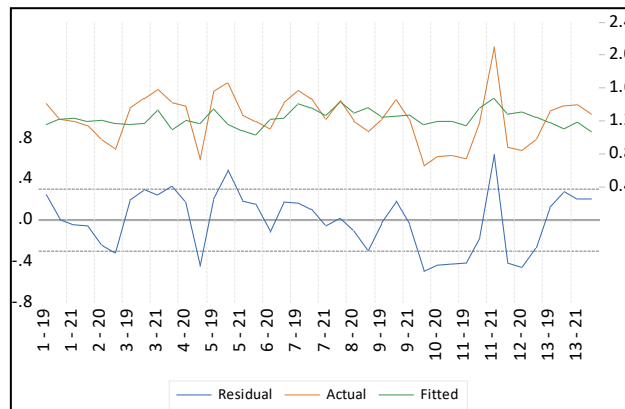
Figur 3. Heteroscedasticity Test Results

The results in Figure 3 above show that there is no heteroscedasticity problem, because the residuals do not form a certain pattern. In other words, the residuals tend to be constant.

4. Autocorrelation Test Results

The autocorrelation test is the relationship between series members of observations sorted by time (time-*series data*) or place (*cross section data*) (Gujarati, 2013). A good regression model is a regression that is free from autocorrelation. This study used the Durbin-Watson test to determine the presence or absence of autocorrelation problems. The criteria were:

1. If the DW (Durbin-Watson) value is less than dL or greater than (4-dL) then the null hypothesis is rejected, which means there is autocorrelation.
2. If the value of DW (Durbin-Watson) lies between dU and (4-dU), then the null hypothesis is accepted, which means there is no autocorrelation.
3. If the value of DW (Durbin-Watson) lies between dL and dU or between (4-dU) and (4-dL), it does not produce a definite conclusion.

Table 5. Autocorrelation Test Results

Regression Model	Regression Equation	Durbin-Watson grades	Detection	Conclusion
1	CR and ROE against DPR	1.737715	dU < DW < (4-dU) 1.6000 < 1.737715 < 2.4	There is no autocorrelation
2	CR, ROE and DPR against PER	1.531619	dL< DW < dU 1.3908 < 1.531619 < 1.600	Uncertain conclusion

Notes:

dL value = 1.3908; dU value = 1.6000 (DW table)

Regression models 1 and 2 are selected regression models (random effect)

Based on the results in Table 5 above, it can be seen that the regression equation model 1 did not have autocorrelation, based on the results in Table 5 above, it can be seen that the regression

equation model 1 does not have autocorrelation, while the regression equation model 2 produces uncertain conclusions. Because the Durbin-Watson test on the regression equation model 2 produces uncertain conclusions, the autocorrelation test is carried out by another method, namely the Runs Test using IBM SPSS Statistics 25 software.

Table 6. Autocorrelation Test Results

Regression Equation Model 2 With Runs Test

Runs Test	
	Unstandardized Residual
Test Value[a]	.01176
Cases < Test Value	20
Cases >= Test Value	20
Total Cases	40
Number of Runs	15
Z	-1.762
Asymp. Sig. (2-tailed)	.078
a. Median	

In the SPSS output in Table 6 above, the Asymp. Sig. (2-tailed) of 0.078 which is greater than 0.05. Based on these results it can be said that the regression equation model 2 does not occur autocorrelation.

Panel Data Regression Model Selection

According to Basuki & Prawoto (2016) , the regression model estimation method using panel data can be done through three approaches: the common effect model , fixed effect and random effect . However, in this study only two models were used, namely fixed effect and random effect. Meanwhile, the common effect model was not used because it does not pay attention to the time dimension. because two models were used (fixed effect and random effect), in this study only the Hausman test was carried out to determine the best model.

As suggested in the research conceptual framework in the previous chapter, this study uses 2 models of regression equations:

1. $DPR = \alpha + \beta_1 CR + \beta_2 ROE + \varepsilon$ ………………………………………………..(1)
2. $PER = \alpha + \beta_1 CR + \beta_2 ROE + \beta_3 DPR + \varepsilon$ …………………………………(2)

The Hausman test for the regression equation (1) is as follows:

Tabel 7. Hausman Test Results Model Equation 1

Correlated Random Effects - Hausman Test Equation: Untitled Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.556670	2	0.0621

Table 7 explains that the random cross-section probability value was known to be 0.0621. This value is the p-value of the Hausman test. The p-value of 0.0621 was greater than 0.05 (0.0621 > 0.05), so H0 was accepted, which means that the best regression model in equation 1 should use the random effect rather than the fixed effect.

Table 8. Summary of the *Random Effect Model* Regression Equation 1

Variable	coefficient	std. Error	t-Statistic	Prob.
CR	-0.102761	0.100246	-1.025083	0.3120
ROE	0.149353	0.159477	0.936516	0.3551
C	1.619684	0.249417	6.493882	0.0000
R-squared		0.039802		
Adjusted R-squared		-0.012101		
SE of regression		0.247390	Dependent Variable: DPR	
F-statistics		0.766850		
Prob(F-statistic)		0.471714		
Durbin-Watson stat		1.737715		

To test the feasibility of the regression equation model 1, the F-test is used. It is known that the F-count value in Table 8 above is 3.766850, while the F-table value (0.05; k-1; n-k / 0.05; 3; 36) is 2.866265. It can be seen that F-count > F-table, so it can be said that the regression equation model 1 is a feasible model.

Furthermore, based on the regression results in Table 8, a regression equation model (1) can be obtained as follows:

DPR = 1.619684 - 0.102761CR + 0.149353ROE + ε

The Hausman test for the regression equation (2) is as follows.

Table 9. *Hausman Test Results* Model Equation 2

Correlated Random Effects - Hausman Test Equation: Untitled Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.025468	3	0.1699

Table 9 explains that the random cross-section probability value was known to be 0.1699. This value is the p-value of the Hausman test. The p-value of 0.1699 was greater than 0.05 (0.1699 > 0.05), so H0 was accepted, which means that the best regression model in equation 2 must use random effect rather than fixed effect.

Table 10. Summary of the *Random Effect Model* Regression Equation 2

Variable	coefficient	std. Error	t-Statistic	Prob.
CR	-0.070661	0.084952	-0.831775	0.4110
ROE	-0.310267	0.141955	-2.185668	0.0354
DPR	0.311474	0.133367	2.335463	0.0252
C	1.203265	0.295375	4.073680	0.0002
R-squared		0.223532		
Adjusted R-squared		0.158826		
SE of regression		0.215286	Dependent Variable:	
F-statistics		3.454593	PER	
Prob(F-statistic)		0.026380		
Durbin-Watson stat		1.531619		

To test the feasibility of the 2nd regression equation model, the F-test is also used. It is known that the F-count value in Table 10 above is 3.454593, while the F-table value (0.05; k-1; n-k / 0.05; 3; 36) is 2.866265. It can be seen that F-count > F-table, so it can be said that the regression equation model 2 is also a feasible model.

Then, based on the regression results in Table 10, a regression equation model (2) can be obtained as follows:

PER = 1.203265 - 0.070661CR - 0.310267ROE + 0.311474DPR +

Figure 4 below is the path analysis model generated from the panel data regression equation model for all relationships among variables.
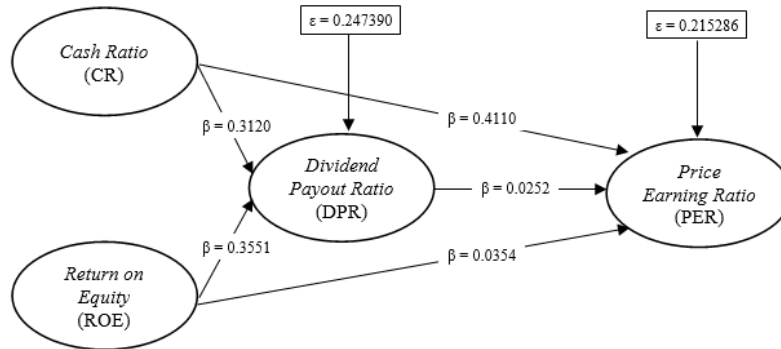

Figure 4. Empirical Model of *Path Analysis*

Q-Square **Value**

The Q-Square value has a meaning, where the higher the Q-Square, the better or the more fitting the model with the data. Q-square value > 0 indicates the model has predictive relevance; on the other hand, if the value of Q-Square 0 indicates the model lacks predictive relevance (Ghozali, 2011) . The results of the calculation of the Q-Square value are as follows:

$$Q\text{-square} = 1 - [(1 - R^2_1) \times (1 - R^2_2)]$$
$$= 1 - [(1 - 0.039802) \times (1 - 0.158826)]$$
$$= 1 - (0.960198 \times 0.841174)$$
$$= 1 - 0.808$$
$$= \mathbf{0.192}$$

Based on the calculation results above, a Q-Square value of 0.192 was obtained. This shows that the magnitude of the diversity of the research data that can be explained by the research model was 19.2%, while the remaining 80.8% was explained by other factors outside this research model. Thus, from these results, the model in this study is declared to have a predictive relevance model.

Hypothesis Test Results

Based on the value of Prob. in Table 8 and Table 10 as well as the p-value results from the calculation for the sobel test, the hypothesis testing can be summarized as follows.

Table 11. Summary of Hypothesis Testing

hypothesis	Path (Path)	Prob. (P-*Values*)	Conclusion Hypothesis
H1	CR →DPR	0.3120	Rejected
H2	DPR ROE→	0.3551	Rejected
H3	CR →PER	0.4110	Rejected
H4	ROE →PER	0.0354	*Received*
H5	DPR →PER	0.0252	*Received*
H6	CR →DPR →PER	0.34791203	Rejected
H7	ROE →DPR →PER	0.38471925	Rejected

Based on the data presented in Table 11 above, it can be seen that hypothesis 4 and hypothesis 5 could be accepted because each effect showed a prob value (p-values) < 0.05. Meanwhile, hypotheses 1, 2, 3, 6 and 7 could not be accepted (rejected) because each effect showed a prob value (p-values) > 0.05.

Effect of Cash Ratio on Dividend Payout Ratio

From the results of hypothesis testing it is known that the cash ratio was unable to affect the dividend payout ratio in food and beverage companies which is listed on the Indonesia Stock Exchange. These results are in accordance with the results of previous studies from Hariani (2001) and Indria et al. (2003) , which concluded that the cash position or current ratio has no significant effect on the dividend payout ratio .

This insignificance is possible because the company has not been efficient in managing its assets. It is possible that the company does not use its assets efficiently and maximally, so that increased assets will not have an impact on increasing the level of dividend distribution, but will experience a decrease.

Effect of Return on Equity on Dividend Payout Ratio

From the results of hypothesis testing, it is known that return on equity was unable to influence the dividend payout ratio in food and beverage companies listed on the Indonesia Stock Exchange. These results are in accordance with the research by Sarmento & Dana (2016) and Mardaleni (2014) which concluded that return on equity has no significant effect on the dividend payout ratio.

This insignificance is possible because the return on equity ratio is used to measure the company's ability to generate profits based on certain share capital. Although this ratio measures profit from the investor's point of view, it is not used to calculate dividends or capital gains for investors, because this ratio is not a measure of return. For real investors, the amount of return on equity is more influenced by return on assets and the level of corporate financial leverage. So, this causes the return on equity does not have a significant effect on dividend policy.

Effect of Cash Ratio on Price-earnings Ratio

From the results of hypothesis testing, it is known that the cash ratio was unable to influence the price-earnings ratio in food and beverage companies listed on the Indonesia Stock Exchange. These results are in accordance with the results of research by Sarmento & Dana (2016) and Mardaleni (2014) which concluded that return on equity has no significant effect on the dividend payout ratio.

This insignificance is possible because based on observations on the stationary graph, it can be seen that the cash ratio fluctuated and tended to decrease, while the price-earnings ratio fluctuated and tended to stagnate. Based on the stationary graph data, it can be seen that the cash ratio had a downward trend when viewed from the average per company. This is presumably due to a decrease in the average amount of cash and cash equivalents followed by a smaller decrease in current liabilities.

Effect of Return on Equity on Price-earnings Ratio

From the results of hypothesis testing, it is known that return on equity can affect the price-earnings ratio in food and beverage companies which is listed on the Indonesia Stock Exchange. These results are in accordance with the results of research by Martono (2019) and by Mulyani & Pitaloka (2017) which showed that return on equity partially has a significant effect to price-earnings ratio .

One of the factors that affect the price-earnings ratio is the return on equity. According to Purwaningrum (2011), the relationship between return on equity and price-earnings ratio is positive.

Return on equity is the ability of own capital to generate profits for shareholders. According to Hayati (2010) return on equity is used to measure the level of profit from the owner's investment and is calculated based on the division between net income and own capital.

The Effect of Dividend Payout Ratio on Price-earnings Ratio

From the results of hypothesis testing, it is known that the dividend payout ratio was able to affect the price-earnings ratio in food and beverage companies listed on the Indonesia Stock Exchange. These results are in accordance with the results of research by Sijabat et al. (2018) and by Yulianthini (2019) which showed that the dividend payout ratio has a positive and significant effect on price-earnings ratio.

According to the Kisor Jr. model. & Whitbeck (1963), the dividend payout ratio has a positive relationship to the price-earnings ratio, where the higher the dividend payout ratio, the greater the price-earnings ratio. Paying dividends means the value of the dividend payout ratio of the issuer can be determined. Dividends have a special attraction for investors because they are one of the benefits that investors get when investing their funds in stocks. They are not the company's obligation but they will be distributed by the company if the company has a profit and the proposal gets approval at the general meeting of shareholders.

The Mediating Role of the Dividend Payout Ratio on the Influence of the Cash Ratio on the Price-earnings Ratio

From the results of hypothesis testing, it is known that the dividend payout ratio was unable to act as a strong mediator for the effect of the cash ratio on the price-earnings ratio in food and beverage companies which is listed on the Indonesia Stock Exchange. It was because one of the paths from the CA →DPR →PER path was not significant. In this study, the →DPR CA path was not significant, while the DPR →PER path was significant. So, the hypothesis that mentions this path, i.e., the dividend payout ratio can act as a strong mediator of the effect of cash ratio on price-earnings ratio in food and beverage companies listed on the Indonesia Stock Exchange, became insignificant, and the hypothesis was rejected.

The Mediating Role of the Dividend Payout Ratio on the Effect of Return on Equity on the Price-earnings Ratio

From the results of hypothesis testing, it is known that the dividend payout ratio was unable to act as a strong mediator of the effect of return on equity on the price-earnings ratio in food and beverage companies which is listed on the Indonesia Stock Exchange. It was because one of the paths of the →DPR →PER ROE path was not significant. In this study, the →DPR ROE path was not significant, while the DPR →PER path was significant. So, the hypothesis that mentioned this path, i.e., the dividend payout ratio can act as a strong mediator of the effect of return on equity on price-earnings ratio in food and beverage companies listed on the Indonesia Stock Exchange, became insignificant, and the hypothesis was rejected.

CONCLUSION

Referring to the results of this study, the following conclusions can be drawn.

1. Cash ratio is unable to influence the dividend payout ratio in food and beverage companies listed on the Indonesia Stock Exchange.
2. Return on equity is unable to influence the dividend payout ratio in food and beverage companies listed on the Indonesia Stock Exchange.

3. Cash ratio is unable to influence the price-earnings ratio in food and beverage companies listed on the Indonesia Stock Exchange.
4. Return on equity is able to affect the price-earnings ratio in food and beverage companies listed on the Indonesia Stock Exchange.
5. Dividend payout ratio is able to influence the price-earnings ratio in food and beverage companies which is listed on the Indonesia Stock Exchange.
6. Dividend payout ratio is unable to act as a strong mediator of the effect of the cash ratio on the price-earnings ratio in food and beverage companies which is listed on the Indonesia Stock Exchange.
7. Dividend payout ratio is unable to act as a strong mediator of the effect of return on equity on price-earnings ratio in food and beverage companies listed on the Indonesia Stock Exchange.

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