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Mediating Effects of Earnings after Tax: Cost of Goods Sold, Sales Growth, and Dividend Payout Ratio

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A B S T R A C T

The Research uses a descriptive verification method with a quantitative approach. The research method uses classical assumption analysis, associative analysis and path analysis. The analysis in this study is supported by using the SPSS for windows version 23 application. The data used is secondary data from the Indonesia Stock Exchange website. (www.idx.co.id). Based on the analysis, this study concludes that Cost of Goods Sold (COGS) has a significant effect on Dividend Payout Ratio (DPR), while Sales Growth is not significant. Earning After Tax (EAT) has a negative and significant effect on DPR and mediates the effect of COGS and Sales Growth on DPR. This research was conducted at PT Indofood CBP Sukses Makmur, PT Kalbe Farma, and PT Unilever Indonesia. The results show the importance of considering EAT and related factors in determining DPR. For practitioners in finance and management, especially in large consumer goods companies, it is important to consider COGS, sales growth, and EAT in making decisions related to the Dividend Payout Ratio (DPR). This study emphasizes the need for in-depth analysis of these factors to improve the efficiency of dividend policy. For academics, this research can be the basis for further studies covering companies in other sectors or using different variables and analysis methods, in order to enrich the literature on dividend policy.

A R T I C L E I N F O

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A B S T R A K

Penelitian ini menggunakan metode verifikasi deskriptif dengan pendekatan kuantitatif. Metode penelitian yang digunakan meliputi analisis asumsi klasik, analisis asosiasi, dan analisis jalur. Analisis dalam studi ini didukung oleh penggunaan aplikasi SPSS for Windows versi 23. Data yang digunakan adalah data sekunder dari situs web Bursa Efek Indonesia (www.idx.co.id). Berdasarkan analisis, penelitian ini menyimpulkan bahwa Biaya Pokok Penjualan (COGS) memiliki pengaruh signifikan terhadap Rasio Pembayaran Dividen (DPR), sedangkan Pertumbuhan Penjualan tidak signifikan. Laba Setelah Pajak (EAT) memiliki pengaruh negatif dan signifikan terhadap DPR dan memediasi pengaruh COGS serta Pertumbuhan Penjualan terhadap DPR. Penelitian ini dilakukan di PT Indofood CBP Sukses Makmur, PT Kalbe Farma, dan PT Unilever Indonesia. Hasil penelitian menunjukkan pentingnya mempertimbangkan EAT dan faktor terkait dalam menentukan DPR. Bagi praktisi di bidang keuangan dan manajemen, terutama di perusahaan barang konsumen besar, penting untuk mempertimbangkan COGS, pertumbuhan penjualan, dan EAT dalam pengambilan keputusan terkait Rasio Pembayaran Dividen (DPR). Penelitian ini menekankan perlunya analisis mendalam terhadap faktor-faktor ini untuk meningkatkan efisiensi kebijakan dividen. Bagi akademisi, penelitian ini dapat menjadi dasar

untuk studi lebih lanjut yang mencakup perusahaan di sektor lain atau menggunakan variabel dan metode analisis yang berbeda, guna memperkaya literatur tentang kebijakan dividen.

INTRODUCTION

The capital market is an icon of the modern economy. This industrial activity often becomes a symbol and image of the economy of today's society. The capital market is also a pillar of the economy of developed countries. It is a reflection of economic growth and also determines whether a country's economy is progressing or not (Ahmad & Fikriya, 2023). Now, the capital market has become a macroeconomic indicator of a country. The rise and fall of an exchange's index can be read as a reflection of the country's economic dynamics (Widjiantoro, 2023). The variety of instruments in the capital market is something that investors must pay attention to (Lating et al., 2023). Capital market instruments that are traded are in the form of securities that their owners can trade back, whether ownership or debt. Ownership instruments are realized in the form of shares, while debt instruments are in the form of bonds (Zahroh, 2015). However, this research will discuss capital market instruments in the form of ownership, namely shares.

Stock investment in the capital market has the characteristics of high risk and high return, meaning that it provides the opportunity for high profits but also has the potential for high risk (Syaputra & Aslami, 2022). So, it is necessary to have a party that organizes and provides a system and means to bring together securities buying and selling offers, which is often known as the Indonesian Stock Exchange (BEI). Apart from that, with the development of Sharia-based financial institutions, the government as a facilitator provides a solution by opening the Jakarta Islamic Index (JII), which can protect Muslim investors, especially from market mechanism practices that are not by Islamic law (Azmi et al., 2020).

Before investing, investors often do research on a variety of topics. These may include firm financial reports, performance, track record, portfolio, economic circumstances, risks, and media appraisals of the financial and economic landscape. This study is conducted to invest in generating more wealth. Naturally, while choosing to invest, investors often have concerns about the Dividend Payout Ratio (DPR) (Suyatno, 2018). According to Azmi et al. (2020) the Dividend Payout Ratio (DPR) is a policy wherein the corporation aims to pay dividends at a certain percentage. For example, payments may be represented in rupiah and adjusted to the payment objective, demonstrating a rise in yield.

Several factors can influence the Dividend Payout Ratio (DPR), including the Cost of Goods Sold (COGS). When presenting financial reports, some things need to be considered, especially when presenting costs directly related to production, namely Cost of Goods Sold (COGS) (Hidayat, 2022). *Cost of Goods Sold* (COGS) is the cost of income or can also be said to be the cost of goods sold, namely all costs incurred or sacrificed by a company to obtain goods ready to sell, starting from raw material costs, factory overhead costs, labor costs, marketing costs, and other costs. Based on research results by Rustami et al. (2014) and Yuda & Sanjaya (2020), the variable of cost of goods sold (COGS) has a significant influence on dividends.

In addition to the cost of goods sold (COGS), additional variables must be considered, such as the internal business component of sales growth. According to Meliala et al. (2011) sales growth is a ratio that assesses a company's capacity to hold onto its place in the market and overall economic development. According to historical data on sales volume increase, sales growth refers to sales volume in the following years (Mudjijah & Hikmanto, 2018). The best way to finance the purchase of these

assets should be taken into account by the management. Organizations with solid profit growth rates often give dividends more consistently than businesses with modest sales growth rates (Suweta & Dewi, 2016). According to studies by Iskandar & Herniarti, (2015) and Sari & Firmansyah, (2016), COGS has an impact on raising dividends.

Earning After Tax (EAT) is the profit available to shareholders or, in other words, reflects the growth in wealth for shareholders. A company can use net profit to distribute it to shareholders through dividends or re-use it in the company's operational activities or, in other words, become retained earnings (Amalia & Hermanto, 2018). In short, *Earning* After Tax (EAT) can be defined as profit before tax after deducting company tax. In this research, Earning After Tax (EAT) is positioned as a mediating variable to measure the indirect influence between the dependent and independent variables. If the company has high enough profits, the available profits distributed to shareholders will be greater. The greater the profits available to shareholders, the greater the dividend payments (Deitiana, 2013). The size of the dividend depends on the size of the profits earned and the proportion of profits that will be distributed in the form of dividends or dividend payout ratio (Atmoko et al., 2017) and according to Hutagalung & Setiawati (2019) and Februani (2016) stated that Earning After Tax (EAT) has a positive and significant effect on the Dividend Payout Ratio (DPR).

LITERATURE REVIEW

In signalling theory, an action is taken by the company to provide clues to investors about how management views the company's prospects. This signal is in the form of information about what management has done to realise the owner's wishes. The information released by the company is important, because of its influence on the investment decisions of parties outside the company. This information is important for investors and business people because information essentially presents information, records or descriptions both for past, current and future circumstances for the survival of the company and how it affects the company.

Cost of Goods Sold (COGS)

Cost of Goods Sold (COGS) is the cost of goods sold during the current period (Hamidy & Yasin, 2024). COGS can be defined as the amount of money spent to obtain goods to be sold. COGS is all costs that arise to make a product ready for sale. It is often defined as the costs involved in making goods or that can be directly related to the process that brings merchandise ready for sale (Setiawan, 2001). COGS is the sacrifice of economic resources to obtain assets; apart from that, it is used to show the sacrifice of economic resources in processing raw materials into a product. Because product manufacture aims to convert assets (in the form of supplies of raw materials) into other assets (inventories of finished products), the sacrifice of raw materials is converted into COGS (Kartika & Bakhtiar, 2021).

The meaning of COGS is goods sold. However, its function suddenly became a price explainer, resulting in an introductory price. COGS is used as the series cost. However, the series cost gives the impression of all costs to generate sales (Rianto et al. 2019). Cost of Goods Sold (COGS) is a supporting factor for the production of an item, this is very important because the running of a company is in producing goods that it will sell. In quantity, a company has limited its production that must be spent. According to Rustami (2014) and Yuda et al (2020) that the Cost of Goods Sold (COGS) variable has a significant effect on profit.

Sales Growth

Sales growth is a rise in sales from one year to the next or from one period to the next. Sales growth may serve as a baseline for future growth and can be used to reflect prior investment results (Lutfi & Sunardi, 2019). Growth in sales is the gradual growth in sales volume. Businesses with rapid sales growth may need more investment in various asset classes, including current and fixed assets (Habibah & Andayani, 2015). If a corporation funds its assets with debt, it can satisfy its financial responsibilities; conversely, a company with strong sales growth will do the same. Weston and Brightman state that while businesses experiencing fast development often can pay out more enormous dividends, organizations operating in industries with high growth rates must provide enough capital to fund the business. Compared to businesses with low sales growth rates, firms with high profit and sales growth rates often give dividends more regularly (Magribi et al. 2023).

Sales Growth describes the increase in the sales from year to year or over time. Companies that have high sales growth rates will require more investment in various assets, both fixed assets and current assets. Management needs to consider the right source of funding for these asset purchases. According to Sitohang (2015) and Sari et al. (2016), for companies with high sales and profit growth rates, companies tend to distribute dividends more consistently than companies with low sales growth rates.

Earnings After Tax (EAT)

The profits made after taxes are subtracted, known as earnings after taxes, or EAT (Haig, 2020). Every corporation pays cash dividends, regardless of the Earning After Tax (EAT) amount. Because investors' earnings include dividends. Dividends are the preferred type of return for investors over capital gains. This kind of profit, also known as net income or net profit the business receives, has had taxes deducted from it. Conversely, the amount on the income statement represents the net loss if the business incurs a loss (Leung & Veenman, 2018). The company's profit and loss report, which displays the sources of revenue and the costs expended as income expenditures, provides information on the profit and loss amount. A corporation turns a profit when its revenue exceeds its costs (Harrington et al., 2024).

If the company has a high enough profit, the available profit distributed to shareholders is getting bigger so that the greater the profit available to shareholders, the greater the dividend payment. The size of the dividend amount depends on the size of the profit earned and the proportion of profit that will be distributed in the form of dividends or dividend payout ratio. According to Hutagalung (2019) and Februani (2016) stated that Earning After Tax (EAT) has a positive and significant effect on Dividend Payout Ratio (DPR).

Hypothesis

1. Cost of Goods Sold (COGS) on Dividend Payout Ratio (DPR)
   H_0: Cost of Goods Sold (COGS) has no effect on Dividend Payout Ratio (DPR) in consumer good industry sector companies listed on the Jakarta Islamic Index (JII) for the 2011-2019 period.
   H_1: Cost of Goods Sold (COGS) affects the Dividend Payout Ratio (DPR) in consumer good industry sector companies listed on the Jakarta Islamic Index (JII) for the 2011-2019 period.
2. Sales Growth on Dividend Payout Ratio (DPR)
   H_0: Sales Growth has no effect on Dividend Payout Ratio (DPR) in consumer good industry sector companies listed on the Jakarta Islamic Index (JII) for the period 2011-2019.

H_1: Sales Growth affects the Dividend Payout Ratio (DPR) in consumer good industry sector companies listed on the Jakarta Islamic Index (JII) for the 2011-2019 period.

3. Earning After Tax (EAT) on Dividend Payout Ratio (DPR)
   H_0: Earning After Tax (EAT) has no effect on Dividend Payout Ratio (DPR) in consumer good industry sector companies listed on the Jakarta Islamic Index (JII) for the 2011-2019 period.
   H_1: Earning After Tax (EAT) affects the Dividend Payout Ratio (DPR) in consumer good industry sector companies listed on the Jakarta Islamic Index (JII) for the 2011-2019 period.
4. Cost of Goods Sold (COGS) and Sales Growth on Dividend Payout Ratio (DPR) through Earning After Tax (EAT) as a mediating variable
   H_0: Cost of Goods Sold and Sales Growth have no effect on Dividend Payout Ratio (DPR) through Earning After Tax (EAT) as a mediating variable in consumer good industry sector companies listed on the Jakarta Islamic Index (JII) for the period 2011-2019.
   H_1: Cost of Goods Sold and Sales Growth affect the Dividend Payout Ratio (DPR) through Earning After Tax (EAT) as a mediating variable in consumer good industry sector companies listed on the Jakarta Islamic Index (JII) for the 2011-2019 period.

RESEARCH METHODOLOGY

This study focuses on the Mediation Effect of the Dividend Payout Ratio: Cost of goods sold, Sales Growth, and Earning After Tax. It employs a descriptive technique with a quantitative approach. The study employs secondary data sources, namely public financial reports from firms listed on the Jakarta Islamic Index (JII) from 2013 to 2023. These may be accessed via the www.idx.co.id websites of the websites of each company listed on the Jakarta Islamic Index (JII). Companies listed on the Jakarta Islamic Index (JII) make up the population of this study. This study's selection strategy employs a purposeful sampling methodology, guaranteeing that the population selected for the research sample satisfies the researcher's intended criteria. Regression analysis, route analysis utilizing the Sobel test, and the traditional assumption test are the data analytic methods used to evaluate the hypothesis.

The criteria for companies sampled in this study are as follows:

a. Consumer good industry companies listed on the Jakarta Islamic Index (JII);
b. Consistent listing in the Jakarta Islamic Index (JII) during the 2013-2023 period;
c. Companies that publish financial reports during the 2013-2023 period;

Based on the purposive sampling technique, there are four Consumer Good Industry companies that fit the criteria, namely.

Table 1: Companies in the Consumer Good Industry Sector that are Research Samples

No.	Code	Share Name
1	ICBP	Indofood CBP Sukses Makmur Tbk.
2	INDF	Indofood Sukses Makmur Tbk.
3	KLBF	Kalbe Farma Tbk.
4	UNVR	Unilever Indonesia Tbk.

Source: official website of the Indonesian Stock Exchange

RESULTS AND DISCUSSION

RESULT

Before the regression test, the researcher had previously carried out a classic assumption test analysis consisting of normality, multicollinearity, heteroscedasticity, and autocorrelation tests. The classical assumption test data results have met the requirements and can be continued for regression testing.

Descriptive statistics

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
COGS	36	4.56	14.96	11.1103	2.45226
S.G	36	-40.22	85.62	12.4008	14.72170
EAT	36	7.07	18.34	11.1117	2.61013
DPR	36	23.87	132.85	59.1842	27.50500
Valid N (listwise)	36				

The descriptive statistics table that has been processed above shows that the minimum cost of goods sold (COGS) value is 4.56%, which occurs at the company PT. Indofood Sukses Makmur, Tbk. in 2014, and the maximum value of Cost of Goods Sold (COGS) was 14.96%, which occurred at PT. Kalbe Farma, Tbk. in 2019. Meanwhile, the average Cost of goods sold (COGS) value is 11.1103% with a standard deviation of 2.45226. The minimum Sales Growth value in the descriptive statistics table is 1.45%, which occurred at PT. Indofood Sukses Makmur, Tbk. in 2014, and the maximum Sales Growth value was 85.62%, which occurred at PT. Indofood Sukses Makmur, Tbk. in 2015. Meanwhile, the average Sales Growth value was 12.4008% with a standard deviation 27.5050.

The minimum Earning After Tax (EAT) value in the descriptive statistics table is 7.07%, which occurs at PT. Indofood CBP Sukses Makmur, Tbk. in 2018, and the maximum Earning After Tax (EAT) value was 18.34%, which occurred in the year PT—meanwhile, the average Earning After Tax (EAT) value is11.1117 with a standard deviation of 2.61013. The minimum Dividend Payout Ratio (DPR) value in the descriptive statistics table can be seen at 23.87% for the company PT. Indofood Sukses Makmur, Tbk. in 2018, and the maximum value of 132.85% was at the company PT. Unilever Indonesia, Tbk. in 2020. Meanwhile, the average value of the Dividend Payout Ratio (DPR) is 59.1842 with a standard deviation of 27.50500.

Coefficient of Determination

Tabel 2: Coefficient of Determination

Model Summary b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.589a	,347	,286	8.82207
	.443a	,590	,231	7.27483

Referring to the table above, in model 1, it is found that the R Square value of 0.347 means that the Cost of Goods Sold and Sales Growth contribute 34.7% to the Dividend Payout Ratio. For model

2, it was found that through the mediation of Earning After Tax, the contribution of Cost of Goods Sold and Earning After Tax to the Dividend Payout Ratio was 0.590 or 59.0%.

Mediation Test

The mediation test is carried out to test the influence that the mediating variable has on the dependent variable. In this study, the mediation test used the Sobel test. Following are the results of the sobel test:

Table 3: Analysis of the Effect of Cost of Good Sold and Sales Growth on the Dividend Payout Ratio

Coefficients a						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	8,785	1,837		4,783	,000
	COGS	,324	.133	,425	2,448	,020
	S.G	-.054	,056	-.170	-.979	,335

If COGS increases by one percent, then EAT will increase by 0.324 assuming the Sales Growth variable is constant. Furthermore, if the Sales Growth variable increases by one unit or one percent, then EAT will decrease by 0.054, assuming the COGS variable is constant.

Table 4: Analysis of the Effect of Cost of Goods Sold, Sales Growth and Earning After Tax on the Dividend Payout Ratio

Coefficients						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	85,654	12,954		6,612	,000
	COGS	-.199	,781	-.047	-.255	,800
	S.G	-.012	,306	-.007	-.039	,969
	EAT	-.3.160	,943	-.566	-3,349	,002

If COGS increases by one percent, then the DPR will decrease by 0.199, assuming the Sales Growth variable is constant. Furthermore, if the Sales Growth variable increases by one unit or one percent, then the DPR will decrease by -0.012, assuming the COGS and EAT variables are constant. For the EAT variable, if EAT increases by one unit or one percent, the DPR will decrease by 3.160, assuming the COGS and Sales Growth variables are constant.

Significance of Indirect Relationships

Indirect relationships play a role as a measurement of the role of mediation to find out how big the indirect influence is and test the level of significance, you can test it by carrying out the Sobel test.

Table 5: Sobel Test Earning After Tax (EAT) Table in Mediating the Effect of Cost of Good Sold (COGS) on Dividend Payout Ratio (DPR)

Inputs				**t-Statistics**	**Std. Error**	**p-Value**
A	0.393	*A2*				
B	-3,279	*B2*	Sobel	-2,702	0.476	0.006
Sa	0.112	*Sa2*				
SB	0.774	*Sb2*				

Source: SPSS version 20 output & Sobel Calculator

Based on the results of the Sobel Test calculation above, a quantity value (Z) of 2.702 is obtained. The test criteria are acceptable if the absolute Z > Z value = -Z < absolute –Z value (-196 = 1.96). With a significance level of 5%. If you look at the picture above, because the Z value (2.702) < absolute Z value (1.96) with a p-value of 0.006 > 0.050, it can be concluded that there is a mediation effect or Earning After Tax (EAT) can mediate the indirect effect of Cost of Good Sold (COGS) against the Dividend Payout Ratio (DPR).

Table 6: Sobel Test Earning After Tax (EAT) in Mediating the Effect of Sales Growth on Dividend Payout Ratio (DPR)

Inputs				**t-Statistics**	**Std. Error**	**p-Value**
A	-0.127	*A2*				
B	-3,279	*B2*	Sobel	2,178	0.191	0.029
Sa	0.050	*Sa2*				
SB	0.774	*Sb2*				

Source: SPSS version 20 output & Sobel Calculator

Based on the results of the Sobel Test calculation above, a quantity value (Z) of 2.178 is obtained. The test criteria are acceptable if the absolute Z > Z value = -Z < absolute –Z value (-196 = 1.96). With a significance level of 5%. If you look at the picture above, because the Z value (2.178) < absolute Z value (1.96) with a p-value of 0.029 > 0.050, it can be concluded that there is a mediation effect or Earning After Tax (EAT) can mediate the indirect effect of Sales Growth on Dividend Payout Ratio (DPR).

Analysis of Cost of Goods Sold (COGS) on Dividend Payout Ratio (DPR)

The cost of Goods Sold is a supporting factor in the production of goods; this is very important because the running of a company is in producing the goods it will sell. In terms of quantity, a company has limited its output. When production output is reduced in quantity, it will also impact the profits obtained. Generally, there are three types of cost of goods found, namely cost of inventory, cost of production, and cost of goods sold. These three are essential, but it is necessary to determine which introductory price is meant when making decisions. Based on the discussion, it is found that Cost of Goods Sold (COGS) has a negative and significant relationship with Dividend Payout Ratio (DPR). That is, an increase in COGS tends to decrease DPR, indicating that as production costs increase, the company's ability to pay out dividends decreases. Although the effect of COGS on DPR falls into the weak category, this finding confirms the importance of considering COGS in determining dividend policy, as changes in production costs can affect the number of dividends the company distributes.

This article explains why the Dividend Payout Ratio (DPR) is negatively impacted by the Cost of goods sold (COGS). The outcome is consistent with the hypothesis. The Cost of the finances involved and the availability of financial resources are important factors to consider when figuring out the selling price at an ideal level. In addition, there is the problem of rising costs for necessities. To prevent losses, the selling price must be determined in conjunction with a precise determination of the Cost of items sold. A pricing plan is implemented when the Cost of raw materials and other supporting supplies grows to keep the firm operating (Porter & Kramer, 2018). An excessively high cost of goods sold calculation will result in an excessively high selling price that is either unaffordable for customers with limited buying power or would, at the very least, decrease demand for products and services. This will result in a drop in earnings, and if profits drop, there is virtually little chance that dividends will be paid out because of the very high Cost of products sold. Research by by Suhaeni (2020) which found that the Cost of products sold hurt the dividend payout ratio (DPR), is prior research that lends credence to this study. According to Rosandi & Purba (2015) study, the rate of return on capital is significantly impacted by the Cost of products supplied.

Analysis of the Effect of Sales Growth on Dividend Payout Ratio (DPR)

Based on the research, it was found that Earning After Tax (EAT) has a negative and significant relationship with Dividend Payout Ratio (DPR). This means that an increase in EAT tends to decrease DPR, and conversely, a decrease in EAT will increase DPR. The correlation between EAT and DPR is at a moderate level, with the contribution of EAT to DPR amounting to 34.6%, while the rest is influenced by other factors. This finding emphasizes the importance of considering EAT in dividend policy, as its changes can have a significant impact on the number of dividends distributed by the company.

"sales growth" refers to a rise in sales figures over time or from year to year (Adnyani & Suaryana, 2020). Businesses with rapid sales growth will need to spend more on current and fixed assets, among other asset classes. When investing in these assets, management must decide which financing source is best. Compared to businesses with modest sales growth rates, organizations with solid profit growth rates often give dividends more consistently (Ambrose et al. 2019). This demonstrates that investors consider sales when determining whether to pay dividends because higher sales growth indicates that the company is not making the most of sales. Higher sales growth also increases the money required to finance the business, resulting in lower dividend payments. These findings are consistent with Prakoso & Muchtar, (2023); Prastika & Pinem (2016) studies.

Analysis of the Effect of Earning After Tax (EAT) on Dividend Payout Ratio (DPR)

Based on the discussion, it is found that Earning After Tax (EAT) has a negative and significant relationship with Dividend Payout Ratio (DPR). This indicates that an increase in EAT tends to decrease DPR, and conversely, a decrease in EAT can increase DPR. The correlation between EAT and DPR is at a moderate level, indicating that changes in EAT moderately affect the company's dividend policy. Although the contribution of EAT to DPR is not dominant, it is important for companies to consider this factor in determining the number of dividends, as EAT is an important indicator in evaluating financial performance and dividend policy.

The positive difference between corporate profits and non-business costs is earnings after taxes, or EAT. The corporation's business outcomes, derived from its primary operations and external undertakings, are denoted by net profit. This demonstrates that the business could turn a profit from its primary operations and side projects in less than a year (Nagy et al. 2018). Moreover, tax has to be

deducted from net profit as Earning After Tax (EAT) is derived from the excess tax deduction (Givati, 2019). The more earnings available to be transferred to shareholders, provided the company's profits are high enough, the higher the dividend payments will be. The amount of profits made and the percentage of earnings that will be paid out as dividends, or the dividend payout ratio, will ultimately determine the size of the dividend.

However, in contrast to the above idea, the research's findings are inversely proportionate; the t-statistics results indicate a negative direction, which means that as the dependent variable rises, the independent variable's value falls. The researcher's premise is that, given cost constraints, a corporation is often happier to keep its profits rather than distribute them to shareholders as dividends since a quicker growth rate corresponds to a more significant demand for funding to support that expansion. Thus, it can be concluded that the dividend policy (DPR) will be more minor; the quicker the firm grows, the more finances are needed, the bigger the profit, and the greater the percentage of income/profits maintained in the company.

This is because the business will set aside gains as retained earnings for potential future growth while also avoiding having to lower dividend payments should it turn out that the net profit, as a consequence, eventually declines. Naturally, this will result in a lower dividend payment to shareholders. The business will persuade investors that making expenses-derived investments from net earnings would result in higher returns for them in the long run. In addition, even though a company may have a net profit but very little cash on hand due to the possibility that the net profit is comprised of profits from non-cash transactions, a higher net profit does not always translate into enough cash for dividend payments.

The findings of this study are consistent with research by Triatmojo (2016), which claims that net profit has a negative relationship with the dividend payout ratio (DPR), meaning that for every rise in profit, the dividend policy (DPR) decreases and vice versa. Furthermore, according to studies done in 2016 by Febriana & Hafsah, net profit hurts the dividend payout ratio (DPR). This is also consistent with the study by Noviyanti (2016), which indicates that net profit negatively impacts the Dividend Payout Ratio (DPR).

Analysis of the Effect of Cost of Goods Sold (COGS) and Sales Growth on Dividend Payout Ratio (DPR) through Earning After Tax (EAT) as a mediating variable

Based on the discussion, it was found that Earning After Tax (EAT) did not partially mediate the relationship between Cost of Goods Sold (COGS) and Dividend Payout Ratio (DPR). However, EAT is able to mediate the indirect effect of COGS on DPR, suggesting that although EAT does not fully mediate the relationship, it still plays an important role in moderating the impact of COGS on dividend policy. This confirms that EAT needs to be considered in dividend policy analysis, especially when evaluating the impact of production costs on profit distribution to shareholders. One way to think of the cost of products sold (COGS) calculation is to compare all the prices paid to get the products sold and the revenues from the items sold (values and selling price). COGS is the total expenses expended to obtain the goods sold or the acquisition price (Moheb-Alizadeh & Handfield, 2018). We often encounter the issue of evaluating the current product inventory when calculating the cost of goods sold since an inaccurate evaluation of the item inventory would result in an incorrect net profit estimate (Khanna et al. 2020). High profits will result from efficiently calculating the cost of items sold, as it may reduce expenses spent. This will lead to a large portion of net earnings going into dividend payments.

Based on the discussion, it is found that Earning After Tax (EAT) does not provide a partial mediating effect on the relationship between Sales Growth and Dividend Payout Ratio (DPR).

However, EAT is able to mediate the indirect effect of Sales Growth on DPR. This suggests that although EAT does not fully mediate the relationship between sales growth and dividend policy, it still plays an important role in moderating the impact of sales growth on DPR. These results emphasize the importance of considering EAT in dividend policy analysis, especially in the context of firm sales growth. While low sales growth shows the company's capacity to earn low money from the preceding period, a high sales growth rate indicates the company's potential to generate high income from sales of the company's goods or services. "sales growth" refers to variations in sales that rise or fall annually. An excellent business is shown by its consistently rising revenues from year to year. This will affect the growth of the company's earnings. A high level of earnings means that more money will probably be set aside for dividend payments to shareholders.

CONCLUSION

It may be inferred from facts, theories, theoretical justifications, and conversations using several previously mentioned research data analyses that the Dividend Payout Ratio (DPR) is significantly impacted by the Cost of goods sold (COGS) to a somewhat substantial extent. Sales growth has little impact on the dividend payout ratio (DPR). The Dividend Payout Ratio (DPR) is significantly and partly impacted negatively by Earning After Taxation (EAT). Earning After Tax (EAT), Sales Growth, and Cost of Goods Sold (COGS) have an impact on the Dividend Payout Ratio (DPR). Large-scale businesses with significant market shares are the four firms that are the focus of this study: PT. Indofood CBP Sukses Makmur (ICBP), PT. Indofood Sukses Makmur (INDF), PT. Kalbe Farma (KLBF), and PT. Unilever Indonesia (UNVR). It is envisaged that further thought would go into calculating the Dividend Payout Ratio (DPR), which is influenced by several variables and is proxied by Earning After Tax (EAT). Virtually all have a significant impact now that the idea has been validated. The number of dividends delivered is crucial when making investment selections. However, this study is constrained because it only employs research objects from consumer goods-related firms listed on the Jakarta Islamic Index (JII). Consequently, the conclusions drawn from the research's findings may not apply to all companies registered with JII.

For practitioners, especially in the finance and management sectors, especially those working in large consumer goods companies, it is important to pay attention to variables such as COGS, sales growth, and EAT in the decision-making process regarding the Dividend Payout Ratio (DPR). Given the significant influence found in this study, companies should conduct in-depth and comprehensive analyses of these factors to improve the efficiency and effectiveness of the dividend policy implemented. And for academics, this research can be used as a basis for further research by expanding the object of study to companies in other sectors or not limited to the Jakarta Islamic Index (JII). This can provide greater insight into the influence of financial variables on DPR in various industries and different market conditions. In addition, research using additional variables or different methods of analysis can also make a significant contribution to the development of literature related to dividend policy.

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