

CHAPTER 1

INTRODUCTION

1.1 Background

The company stands with a goal, namely to increase the value of the company for the benefit of stakeholders, one of which is to get high corporate profits marked by the company's sales growth which is also high. The importance of sales growth needs to be considered because this greatly affects the running of the company, starting from the production process, marketing, to the welfare of employees, which is also determined by sales growth. Sales growth can be influenced by several factors, such as the distribution of dividends, the impact of the global financial crisis, the company's sources of funding both internally and externally.

The first phenomenon that affects sales growth is the difference in interests in a company between investors and managers, which can lead to a conflict called agency conflict. This difference in interest arises, where when the investor wants a dividend distribution but the agent wants the profit to be retained as a source of internal funding for the company's capital in the next period. This conflict can affect dividend distribution decisions in a company. Then Indonesia also has a good investment climate because Indonesia was able to survive the global crisis that hit the country's economy. Then the domestic market in Indonesia is large and growing because Indonesia has a dense population, which is the fourth largest population in

the world, around 270,20 million people (detikfinance, 2020) this makes the opportunity for the targeted consumer share to be larger &wider (OJK, 2019).

Indonesia has a healthy economy because it has a GDP figure of US\$3,911.7 . According to the World Bank, Indonesia's economic outlook is getting more positive due to stronger positive demand. Economic growth in Indonesia is driven by investment. as high global commodity prices have prompted higher investment, especially in machinery, equipment, vehicles, and insurance services. The existence of macroeconomic management in Indonesia keeps inflation under control and the management of debt levels which is only limited to half of the debt limit (Cekindo, 2019).

Then the condition of the global financial crisis that has occurred since 2008 experienced a repetition of conditions in 2020. Meanwhile, unfavorable economic conditions and reduced investment spending will encourage companies to make cuts, reduce working hours and lay off employment. Of course, this will result in a decrease in income which may affect the weakening of consumer spending interest, which in turn will affect the decline in overall domestic consumer spending. household consumption as well as vehicles, which was marked by a decline in automotive sales and growth in imports of consumer goods. This is in line with the ongoing layoffs, so that pressure on people's purchasing power is expected to continue(Prasmuko & Anugrah, 2010).

The phenomenon of covid 19 has caused many economic sectors to be sluggish and even die on the spot. The pandemic is now recognized as the largest

synchronized decline in global GDP in modern history, having the impact of the crisis with rapid reductions by governments guided by lessons from the global financial crisis in 2009. In this period, governments have been much quicker to introduce stimulus programs to counter these forces. recession. The European Union, for example, facilitates the issuance of joint debt and creates the conditions for a strong fiscal response to the crisis. The United States acts with a very large package of contests to maintain demand and maintain income and employment. As a result of large government spending, can result in extraordinary levels of public debt. There is that this can eventually trigger inflation. Prices are indeed starting to rise and interest rates will probably follow a trend which will have important negative consequences especially for highly influential developing countries. In addition, it is unclear whether the amount of this debt will eventually be financed. This is an attractive challenge for a depressed government in the medium to long term.

Then the factor that affects the next sales growth is the company's source of funding. When companies choose internal funding sources or external funding sources, there are advantages and disadvantages of each. So the company must take the right policy for this decision in order to have a positive impact on the company's sales growth (Ross et al., 2010).

This study tries to determine the relationship between the effect of dividendpayout,global financial crisis, internal finance, eksternal finance on the sales

growth of companies in primary sektor in Indonesia. These components will be identified by the presence of other supporting variables. There are control variables from this research. Such as size, leverage, profitability, past asset growth.

The first variable used is dividend payout. Dividend policies often conflict with the interests of agencies who want retained earnings while investors want dividends. These differences in interests often lead to conflicts and the manager must be able to make the best decisions so as not to cause new problems in the company.

The next variable is company global financial crisis. The global financial crisis was initially caused by the tragedy of the subprime mortgage in America in 2008, then this condition pushed the economy down in several developed countries and continued to grow to developing countries such as Indonesia. The propagation of the crisis was through financial channels and trade channels. In the financial channel, the crisis prompted an increase in funds to be used for unexpected activities (precautionary saving), accompanied by a decline in asset prices which resulted in weakening consumer sentiment, thereby attracting consumer spending. Furthermore, these two things together resulted in a contraction of domestic economic activity, which in turn reduced Gross Domestic Product (GDP). In addition, the global financial crisis may also indirectly affect investor sentiment to immediately withdraw investment in the financial sector, which of course will also affect the decline in GDP (Prasmuko & Anugrah, 2010).

Then internal finance, we can look In capital structure theory, internal finance is the process in which a company uses its profits or assets as a source of capital for

financing or new investments. Internal sources of funding are in contrast with external sources of funding. The fundamental difference between the two is that internal financing refers to a company that generates funds from activities and assets already present in the company, ministry external financing requires the involvement of a third party. Internal financing is mainly considered cheaper for the company than external financing because the company does not have to incur transaction costs to obtain it, nor does it have to fence the fees associated with paying dividends (Ross et al., 2010).

The next variable is External financing any form of financing that comes from outside the company. External financing or external financing is a way for companies to obtain large amounts of funds to support their business activities. External financing is necessary because internal financing of the company itself is not always able to cover the needs. For a company, funding from outside parties serves as a long-term source of capital, for example for business expansion.

The next control variable is company size. Size is the size of a company which is a good measure of whether or not the company's growth is good. The size of the company greatly affects the company's performance and then also has an effect on the company's growth.

Then the next control variable is leverage for companies ways to raise funds for capital from third party debt with a long period of time. Good leverage management is very necessary for the company. With good leverage management, it can have a positive impact on the company's performance so that the company can also grow in

a positive direction. However, if the management of leverage is bad, it can provide more costs for the company. Leading to a new burden for the company can even cause a budget deficit. So that it will affect the performance and growth of the company.

After that, the profitability variable is a measure of how much profit the company gets. Good profitability indicates that the company's performance is also good and will have a positive impact on the company's growth. However, if profitability declines, especially continuously, it indicates that the company's performance is poor, resulting in a negative impact on the company's growth. And the last control variables is past asset growth. The last variable control is past asset growth has a big impact to sales growth. Then the next variable is company sales growth. This is an independent variable. Every company certainly expects a company that continues to grow to improve in the future. Good company growth is caused by good company performance.

The reason for taking this research sample in Indonesia is because there are still few studies that examine the effect of dividend payout, global financial crisis, internal finance, eksternal finance on company sales growth in Indonesia. Most of the previous studies took developed countries such as Australia, Sweden, Finland, America and developing countries such as Thailand, China, Philippines, and Myanmar. Indonesia is one of the developing countries whose economy is currently growing even though it is being hit by the Covid 19 pandemic. The large growth of

the young population who is productive and has many skills is indicated by the large number of young age groups who now have higher education.

This study uses data streams on companies consumer goods sector for primary needs listed on the Indonesian stock exchange. The use of this data stream is carried out to target companies that report on their annual activities on an ongoing basis. It is hoped that the existence of these data can provide accurate results for this research.



In previous research, the focus was on the effect of dividend payout on company growth in Australia (Dempsey et al., 2019). However, there are still few studies that discuss the effect of dividend payout, global financial crisis, internal finance, eksternal finance on the sales growth of companies in developing countries. Therefore, researchers are interested in analyzing the effect of dividend payout, global financial crisis, internal finance and eksternal finance on the sales growth of companies consumer goods sector for primary needs in Indonesia listed on the Indonesia Stock Exchange. So the researchers took the title **"Analysis the Effect of Dividend Payout, Global Financial Crisis, Internal Finance, and Eksternal Fiannce on the Sales Growth of Companies in Indonesia"**.

1.2 Research Questions

1. What does Divident Payout effect the Sales Grotwh of companies in Indonesia?
2. What does Global Financial Crisis effect the Sales Growth of companies in Indonesia?
3. What does Eksternal Finance effect the Sales Grotwh of companies in Indonesia?

4. What does Internal Finance effect the Sales Grotwh of companies in Indonesia?

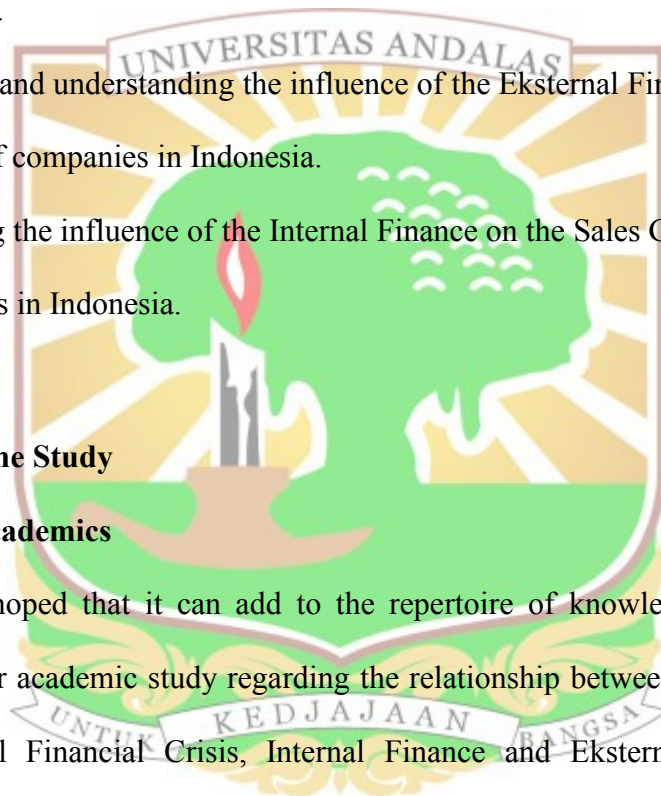
1.3 Research Objectives

1. Identifying the influence of the Divident Payout on the Sales Growth of companies in Indonesia.
2. Identify the effect of Global Financial Crisis Dummy on the Sales Growth in Indonesia.
3. Knowing and understanding the influence of the Eksternal Finance on the Sales Growth of companies in Indonesia.
4. Analyzing the influence of the Internal Finance on the Sales Growth of companies in Indonesia.

1.4 Benefits of the Study

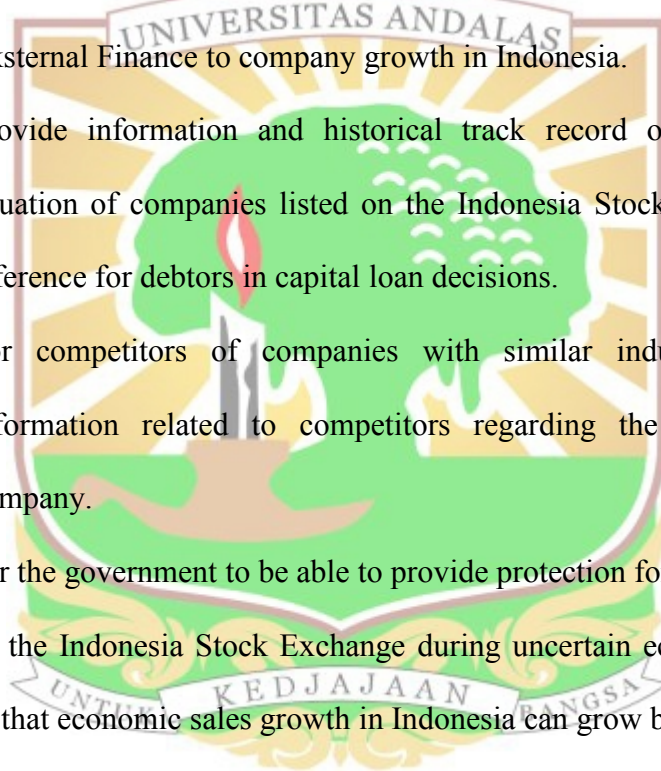
1.4.1 For Academics

1. It is hoped that it can add to the repertoire of knowledge and become a further academic study regarding the relationship between Dividend Payout, Global Financial Crisis, Internal Finance and Eksternal Finance to the growth of companies in Indonesia.
2. In order to know the current development of the investment world, especially the relationship between Dividend Payout, Global Financial Crisis, Internal Finance and Eksternal Finance to the growth of companies in Indonesia.



1.4.2 For Practitioners

1. Assist company managers in making decisions regarding the relationship of Dividend Payout, Global Financial Crisis, Internal Finance and Eksternal Finance to company growth in Indonesia.
2. Helping potential investors to choose which company will be the object of investment because of the analysis of the relationship of Dividend Payout, Global Financial Crisis, Internal Finance and Eksternal Finance to company growth in Indonesia.
3. Provide information and historical track record of the performance situation of companies listed on the Indonesia Stock Exchange to be a reference for debtors in capital loan decisions.
4. For competitors of companies with similar industries, it can be information related to competitors regarding the condition of the company.
5. For the government to be able to provide protection for companies listed on the Indonesia Stock Exchange during uncertain economic conditions so that economic sales growth in Indonesia can grow better.



1.4 Research Scope

The scope of this research is limited by several variables, namely Dividend Payout, of Dividend Payout, Global Financial Crisis, Internal Finance and Eksternal Finance and Sales Growth. By taking samples from all companies listed in the primary consumer goods sector through the official website of the Indonesia Stock Exchange (IDX).

1.5 Systematic of Thesis

In this research process, the systematic discussion used is as follows:

CHAPTER I INTRODUCTION

This introductory chapter describes the background of the problem between Dividend Payout, of Dividend Payout, Global Financial Crisis, Internal Finance and Eksternal Finance and Sales Growth in Indonesia , the formulation of the problem, the objectives and uses of the research, and the systematic of writing scientific papers of this research.

CHAPTER II LITERATURE REVIEW

The literature review chapter contains the theoretical basis on Dividend Payout, of Dividend Payout, Global Financial Crisis, Internal Finance and Eksternal Finance and Sales Growth in Indonesia along with several other moderate variables. There are similar previous studies, research frameworks, and hypotheses proposed in this study.

CHAPTER III RESEARCH METHOD

The research methodology chapter contains research variables from Dividend Payout, of Dividend Payout, Global Financial Crisis, Internal Finance and Eksternal Finance and Sales Growth in Indonesia , there are types and sources of data, data collection methods and analytical methods used in the study.

CHAPTER IV FINDING AND DISCUSSION

This chapter contains an overview of research objects, data analysis, and discussion of data analysis regarding the Dividend Payout, of Dividend Payout, Global Financial Crisis, Internal Finance and Eksternal Financeand Sales Growth in Indonesia , as well as arguments against the research.

CHAPTER V CONCLUSION

The closing chapter contains the conclusions obtained from the research on the Dividend Payout, of Dividend Payout, Global Financial Crisis, Internal Finance and Eksternal Financeand Sales Growth in Indonesia , the limitations of the research and the suggestions given with the results of the research for interested parties. It also contains research implications and research limitations.

