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How Firm Characteristics Affect the Dividend Policy of Listed Banking Companies on The Indonesian Stock Exchange in 2019-2021

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Article History
Received
16 May 2023
Revised
19 May 2023
Accepted
23 May 2023
Published
31 May 2023

ABSTRACT

This study aims in this study to determine the effect of profitability, managerial ownership, liquidity, company size, and debt policy on dividend policy. The population in this study is the population in this study, namely all banking companies registered on the Indonesia Stock Exchange (IDX) in 2019-2021, namely 46 banking companies with a total sample of 41 companies determined by the purposive sampling method. The data analysis technique used in this study is multiple linear regression, coefficient of determination, t-test, and F-test. Based on the research results, it can be seen that Profitability has a positive effect on dividend policy in banking companies listed on the Indonesia Stock Exchange in 2019-2021. Managerial Ownership and Debt Policy have a negative effect on dividend policy in banking companies listed on the Indonesia Stock Exchange in 2019-2021. Meanwhile, Liquidity and Company Size Have No Effect on Dividend Policy in banking companies listed on the Indonesia Stock Exchange for 2019-2021. The adjusted R square value in this study is still not strong, namely 0.442 or 44.2% so further research is expected to be able to increase the adjusted R square value by examining and adding other variables which in theory have an influence on dividend policy. The advice that can be given by researchers is that in the future the company is expected to be able to increase its profitability so that later the company is able to distribute high dividends to its investors.

Keywords: Profitability, Managerial Ownership, Liquidity, Company Size, Debt Policy, Dividend Policy

INTRODUCTION

Banking is a sector that plays an important role in the financial and economic system. The definition of Bank according to the State banking law is a business entity that collects funds from the public in the form of deposits and distributes them to the public in the form of credit and or other forms in order to improve people's lives. Company performance is important for management, shareholders, government, and other interested parties and is related to welfare distribution, including banking companies, management really needs the results of measurement and assessment of the performance of its business units.

Investors are very interested in the results of measuring and assessing the performance of a business entity. As a government that is very interested in measuring and assessing the performance of a financial institution, because it has a strategic function in order to advance and improve the country's economy. Budisantoso and Nuritomo (2017) suggest that the existence of banking in Indonesia in supporting financial system stability is still very influential, where the majority of companies and the public still invest their excess funds in banking financial instruments through stocks and bonds in the capital market.

The capital market has an important role to be able to meet the capital needs of the business world in order to continue to exist and as an investment vehicle for investors in allocating their funds, through capital market activities, companies can obtain funds to finance operational activities and company expansion. Dividend policy is an issue that is often debated when making long-term decisions. This issue relates to good news or bad news for investors who have invested in the company or dividends as a measure of the value of a company in the present and future.

Dividend decisions must be made in every period of time and always require good judgment to determine which decisions or policies to take. Dividend payments are made if the company is able to make a profit. Profitability is a description of a company's ability to earn profits. Dividends paid to shareholders come from the company's cash. Therefore, if a company has high cash or liquidity, it will be able to pay dividends or increase dividends in large amounts. The distribution of large dividends will improve the welfare of shareholders and increase the value of the company.

For shareholders, the amount of corporate debt has an influence on the number of dividends to be obtained. In good times debt can increase shareholder income but on the contrary if bad times arrive, debt will make profits decrease, there are several variables that influence investment decisions, namely: the influence of Profitability, Managerial Ownership, Liquidity, Company Size, and Debt Policy.

PT Bank Central Asia Tbk (BBCA) has decided to use its net profit for the 2021 fiscal year to be distributed as cash dividends of IDR 145 per share or a total of IDR 17.9 trillion. The cash dividend includes the largest interim dividend for the 2021 financial year of IDR 25 per share which was paid by the company to shareholders on December 7, 2021. Thus, the remaining IDR 120 per share will be distributed to shareholders on a date to be determined by the company's board of directors. In total, BBCA's AGMS approved to distribute dividends amounting to 56.9 percent of the net profit for the 2021 financial year or IDR 17.9 trillion. Based on BCA's 2021 annual report, BBCA's cash dividends have experienced an upward trend in the last 5 years. In the 2017 financial year, BBCA distributed cash dividends at a ratio of 27 percent of the company's net profit or IDR 6.28 trillion. In the following year, namely the 2018 financial year, BBCA's dividend ratio increased by 32.4 percent or Rp 8.38 trillion. Furthermore, BBCA distributed dividends of 47.9 percent or Rp

13.68 trillion in the 2019 financial year. Then, in the 2020 financial year, it distributed cash dividends of Rp 13.1 trillion or 48.2 percent of the company's net profit. Meanwhile, for the net profit for the 2020 financial year, BCA provides an interim dividend paid in December 2021 of IDR 3.2 trillion or IDR 25 per share. if you do not take into account the 1:5 stock split, the 2021 interim dividend is IDR 125 per share.

Profitability (ROA), is one way to accurately assess the extent of the rate of return that will be obtained from its investment activities. the relationship between profitability and dividend policy is where profitability is the company's ability to earn profits so that it has an influence on dividend decisions. If the company's profitability level is high, the profit earned / generated by the company will be increasingly distributed in the form of dividends to these shareholders. Research conducted by Saputra (2018), Martini (2019), found that profitability has a positive effect on dividend policy. Different results were also found by Sri and Purnawati (2019), finding that profitability has a negative effect on dividend policy.

Managerial ownership is the level of share ownership of management parties who actively participate in decision making, for example directors and commissioners (Wahidah 2002). This managerial ownership is measured by the portion of shares owned by the company at the end of the year and expressed as a percentage. The greater the proportion of management ownership in the company, the management will try harder for the interests of shareholders, which in fact are themselves (Mahadwartha and Hartono, 2002). the relationship between managerial ownership and dividend policy, namely, managerial ownership can align the interests of agents and principals. This research was conducted by Widiari and Putra (2017), Rais and Santoso (2017) revealed that managerial ownership has a negative effect on dividend policy, while the results conducted by Martini (2019) that managerial ownership has no effect on dividend policy. while the results conducted by Sejati (2020) state that managerial ownership has no effect on dividend policy.

Liquidity is a company's ability to meet short-term debt obligations. The liquidity ratio is used to measure the company in paying debts that will be due soon. The higher the liquidity of the company, the higher the company's ability to fulfill its obligations and illustrates the higher the company will pay dividends to shareholders. This research was conducted by Aris (2019), found that liquidity has no effect on dividend policy, different results were also found by Susilawati (2019), Sri and Purnawati (2019), Bima (2019) found that liquidity has a negative effect on dividend policy, and different results were also obtained by Nugreheni and Mertha (2019) found that liquidity proxied by current ratio has a positive effect on dividend policy. different results were also found by Putri (2020), Yuda (2020) that liquidity has a negative effect on dividend policy.

Company size is one of the factors that need to be taken into consideration in dividend policy. Large companies that have been established with a good level of profit and profit stability will easily have the opportunity to enter the capital market so that the company can have a higher dividend payout ratio than small companies. The acquisition of these funds can be used as dividend payments for shareholders Permana, (2016). this research was conducted by Adyatama (2018), Febrianti (2018) revealed that company size has no effect on dividend policy, while with the results of research conducted by Susilawati (2019), Luthfia (2018), that company size has a negative effect on dividend policy. Different results were also found by Rais and Santoso (2017) found that company size has a positive influence on dividend policy. different results were also found by Saputra (2018) that company size has a negative effect on dividend policy.

Debt policy is a policy decision regarding the use of debt funding for the company's operational activities. Projected measurement with Debt-to-equity ratio which is used to assess debt with equity (cashmere). Debt policy is also an important part of the company's funding policy. Debt policy taken by company management in order to obtain a source of financing for the company to be used to finance the company's operational activities. The company's debt policy also functions as a monitoring mechanism for manager actions taken in managing the company. This research was conducted by Hardi and Andestiana (2018), Sumanti and Marjam (2017), Sejati (2020) found that debt policy has a negative effect on dividend policy. Because debt policy substitutes dividend policy in agency cost. Increased debt use reduces the level of conflict between managers and owners so that owners are less demanding on high dividend payments. Different results were found by Martini (2019) that debt policy has no effect on dividend policy.

LITERATURE REVIEW

Signaling Theory

Signaling theory or signal theory was developed by Ross in 1997, stating that company executives have better information (Chandra et al., 2018; Nyoto et al., 2023; Renaldo & Murwaningsari, 2023) about the company and will encourage to convey this information to potential investors so that the company's share price increases. Preferably, a decrease in dividends or an increase in dividends that is below the normal increase (usually) is believed by investors as a signal that the company is facing difficult times in the future. Broadly speaking, signaling theory is closely related to the availability of information. To get complete, relevant, accurate, and timely information is needed by investors in the capital market as an analyst tool in making investment decisions (Jogiyanto, 2000).

Dividend Policy

The definition of dividend policy according to Rudianto (2012) is part of the operating profit earned by the company and given by the company to its shareholders in return for their willingness to invest their assets in the company. The dividend policy is prepared by the board of directors of a company to make decisions on how much income will be distributed to shareholders as their profit for investing in the company in the form of dividends and how much will be retained in the company as retained earnings.

Profitability

According to Eryawan (2009) states that Profitability is the level of profit or profit achieved by a company within a certain period of time that is carrying out its operations. The purpose of company profitability is to increase company profits to attract investors or shareholders to invest in the company.

Managerial Ownership

Managerial ownership According to Hatta (2002) in Cholifah (2014: 6) managerial ownership is shareholders who have a position in the company's management either as a board of commissioners or as directors who actively participate in decision making. The managerial ownership policy is intended to provide opportunities for managers to be involved in shared ownership so that with this involvement, the manager's position is equal to the company owner (shareholder). The greater the level of managerial ownership of a company, the higher the level of alignment and the ability to control the interests between managers and shareholders. The interests of managers and the interests of external shareholders can be united if the manager's share ownership is enlarged so that the manager will not take actions that are detrimental to the company as a whole, for example, manipulating earnings. In a company with managerial ownership, managers who also act as shareholders will certainly align their interests with the interests of the company.

Liquidity

Liquidity is a ratio that describes the company's ability to meet short-term obligations (debt), Kasmir (2018). The number of payment instruments (liquid instruments) owned by a company at a time is the paying power of the company concerned. the explanation above can be concluded that liquidity is the company's ability to meet its short-term debt obligations. Liquidity serves to show or measure the company's ability to fulfill its maturing obligations, both obligations to parties outside the company and within the company.

Company Size

According to Hatta (2002) in 1994 Vogt identified that the size of the company plays a role in explaining the dividend payout ratio in the company. Large companies tend to be more mature and have easier access to the capital market. This will reduce their dependence on internal funding, so the company will provide high dividend payments.

Debt Policy

According to Ismiyanti and Hanafi (2003) in 1992 Jensen et al. stated that debt policy has a negative influence on dividend policy because the use of too high debt will cause a decrease in dividends where most of the profit will be allocated as a debt repayment reserve. Conversely, at low debt levels, the company distributes high dividends so that most of the profit is used for the welfare of shareholders.

Effect of Profitability on Dividend Policy

Profitability is a ratio to assess the company's ability to achieve profit or profit, (Kasmir, 2018: 196), Based on the explanation above, it can be concluded that profitability is the company's ability to earn profits or profits from sales, total assets, and own capital. This is indicated by the profit generated from sales and investment income. Companies that make a profit tend to pay a larger portion of their profits as dividends besides that research conducted by Sri and Purnawati (2019), Sariningsih (2019), Febrianti (2018) found that profitability has a positive effect on dividend policy. Based on this description, the hypothesis developed in this study is as follows:

H1: Profitability has a positive effect on dividend policy in banking companies listed on the Indonesia Stock Exchange.

The Effect of Managerial Ownership on Dividend Policy

High managerial ownership leads to low dividends paid to shareholders. The determination of low dividends is due to managers having expectations of future investment financed from internal sources. If the company uses high debt, it will result in an increase in financial distress and bankruptcy so if these conditions occur the manager is threatened with expulsion from the company. Roaeff (1982) in personal (2012) states that dividend payments are part of monitoring. Companies tend to pay high dividends if managers have a lower proportion of shares. Rezeff (1982) in personal (2012) and Easterbrook (1984) in personal (2012) state that dividend payments to shareholders will reduce the sources of funds controlled by managers, thereby reducing manager power and making dividend payments similar to capital market monitoring that occurs if the company obtains new capital. when an increase in managerial ownership is followed by an increase in dividends. This shows that the greater involvement of managers in managerial ownership causes the assets owned not to be optimally diversified so that they want bigger dividends. Widiari and Putra (2017), and Rais and Santoso (2017) state the results that managerial ownership has a negative effect on dividend policy. Based on this description, the hypothesis developed in this study is as follows:

H2: Managerial ownership has a negative effect on dividend policy in banking companies listed on the Indonesia Stock Exchange.

Effect of Liquidity on Dividend Policy

Liquidity is a ratio that can describe a company's ability to meet short-term debt obligations. Liquidity is also a company that is an important thing to consider in dividend policy because dividend policy is a cash outflow if the company's overall cash position and liquidity are large Horne and Wachowicz, (2013). Based on the explanation above, it can be concluded that liquidity is the company's ability to fulfill its short-term debt obligations. That is, if a company is billed, it will be able to fulfill debt (pay), especially debt that is due. The Liquidity Ratio serves to show or measure the company's ability to fulfill its maturing obligations, both obligations to parties outside the company and within the company. A high level of liquidity allows the company to distribute dividends, this is because the company is able to finance all operations in the company without any debt material, meaning that the greater the liquidity position of a company, the greater the possibility of its ability to make dividend payments. research conducted by Nugreheni and Mertha (2019) found that liquidity proxied by the current ratio has a positive effect on dividend policy. The greater the level of liquidity, the greater the company's ability to pay dividends. Based on the description, the hypothesis in this study is:

H3: Liquidity has a positive effect on dividend policy in banking companies listed on the Indonesia Stock Exchange.

Effect of Company Size on Dividend Policy

Company size is the size of the company which is indicated by total assets, total sales, and total profits according to Riyanto (2010) while according to Brigham and Houston (2010), company size is a measure of the size of a company which is indicated or assessed by total assets, total sales, total profits, tax burden. The larger the size of the company, the greater the opportunity for the company to obtain a source of funds because it has easy access to the capital market (Capital Market) because of its ease of dealing with the capital market, the company's ability to obtain funds in the long term is more flexible so the company can strive to make larger dividend payments. The results of Rais and Santoso's research (2017) reveal that company size has a positive effect on dividend policy. The larger the size of the company, the higher the level of dividend distribution. Based on this description, the hypothesis developed in this study is as follows:

H4: Company size has a positive effect on dividend policy in banking companies listed on the Indonesia Stock Exchange.

Effect of Debt Policy on Dividend Policy

Companies with high debt levels will try to reduce their agency cost of debt by reducing debt, so that to finance their investments, funding from internal cash flow is used. Internal cash flow that previously could be used for dividend payments will be relinquished by shareholders to finance investment. Jenson, Solberg and Zorn (1992) in Nuringsih (2005) found a substitution mechanism between debt and dividends. debt policy has a negative relationship with dividend policy confirmed by Ismiyanti and Hanafi (2003). Debt policy substitutes dividend policy in agency cost. Increased debt use reduces the level of conflict between managers and owners so that owners are less demanding of high dividend payments. The results of research by Sumanti and Marjam (2017), and Makadao and Saerang (2021) found that debt policy has a negative effect on dividend policy. Because at low levels of debt usage, companies allocate high dividends so that most of the profits are used for the welfare of shareholders. Based on this description, the hypothesis developed in this study is as follows:

H5: Debt Policy Negatively Affects Dividend Policy in Banking companies listed on the Indonesia Stock Exchange.

METHODOLOGY

Research Design

The location of this research was conducted on the Indonesia Stock Exchange (IDX) 2019-2021 observation year in banking companies, by accessing the official website www.idx.co.id. The object of research is part of the elements under study, where in this study the object of research is the financial statements of banking companies listed on the 2019- 2021 Indonesia Stock Exchange website.

Operational Definition of Variables

Profitability

Profitability is a ratio to assess the company's ability to achieve profit or profit, Kasmir (2018), while according to Sartono (2010), Profitability is the company's ability to earn profits in relation to sales, total assets, and own capital. The ratio used in this analysis is Return on Asset (ROA) according to Sitanggang (2012). Return on Asset (ROA) can be formulated as follows (Suyono et al., 2021):

$$ROA = \frac{Net\ Income}{Total\ Assets} x100\%$$

Managerial Ownership

According to Asih (2014), managerial ownership is the number of shares by the board of directors and the board of commissioners compared to increasing managerial ownership in the company, it will be able to reduce management opportunistic actions (Suryanawa, 2017). Managerial ownership (KM) can be formulated according to Lamora (2013) as follows (Renaldo et al., 2021):

$$Managerial\ Ownership = \frac{Number\ of\ shares\ by\ managerial}{Number\ of\ shares\ outstanding} x100\%$$

Liquidity

Liquidity Is a ratio that describes the company's ability to meet short-term obligations (debt) (Kasmir, 2018: 129), stating that if the company is billed, it will be able to fulfill the debt (pay), especially debt that has exceeded the specified time/maturity. the ratio used in this analysis is the current ratio. The current ratio is a ratio to measure the company's ability to pay the whole Kasmir, (2018). The current ratio can be measured by the following formula (Sudarno et al., 2022):

$$CR = \frac{Current\ Assets}{Current\ Liabilities} x100\%$$

Company Size

Company size is the size of the company which is indicated by total assets, total sales, and total profits according to Riyanto, (2010), while according to Brigham and Houston, (2010) company size is a measure of the size of a company which is indicated or assessed by total assets, total sales, total profits, tax burden, and others. In this study, company size can be calculated by the natural logarithm (Ln) of total assets formulated. Company size in this study can be calculated using the following formula (Anisatul Muawanah 2020):

$$Firm\ Size = LN(Total\ Assets)$$

Debt Policy

Debt (liability) has been defined by the Financial Accounting Standards Board (FASB) in the United States as the sacrifice of economic benefits that are likely to occur in the future due to the obligation of certain business entities to transfer assets (Smith and Skousen, 1992). Debt Policy can be measured by the following formula:

$$Debt\ to\ Assets\ Ratio = \frac{Total\ Debt}{Total\ Assets} x100\%$$

Dividend Policy

Dividend policy is a decision made by management to determine how much profit will be distributed to investors or the company prefers not to distribute dividends because it will be used as retained earnings to finance corporate funding. Dividend policy can be formulated as follows:

$$Dividend\ Payout\ Ratio = \frac{Dividend\ per\ Share}{Earnings\ per\ Share} x100\%$$

RESULT AND DISCUSSION

Descriptive Statistical Analysis Test

Descriptive statistics are statistics used to analyze data by describing or describing the data that has been collected as it is without intending to make general conclusions or generalizations (Sugiyono, 2018: 147). The results of the Descriptive Statistics test in this study are presented in Table 1 below:

Table 1. Descriptive Statistical Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	123	-.1820	.3374	.004380	.0426783
KM	123	.0000	1.4218	.153006	.2713768
CR	123	.02	19.84	1.8975	2.91416
UP	123	14.26	32.52	20.5763	4.62632
KH	123	.05	51.79	1.1678	4.60598
KD	123	.00	2656.76	132.9942	347.81842
Valid N (listwise)	123				

Source: (Data processed, 2023)

Based on the descriptive statistical test results in Table 1, it can be explained in detail as follows:

1. Profitability (ROA)

   Descriptive statistics results of profitability variables show N of 123, a minimum value of -0.1820, a maximum value of 0.3374, an average of 0.004380, and a standard deviation of 0.0426783.

2. Management Ownership (KM)

   The descriptive statistical results of the managerial ownership variable show N of 123, a minimum value of 0.0000, a maximum value of 1.4218, an average of 0.153006, and a standard deviation of 0.2713768.

3. Liquidity (CR)

   The results of the descriptive statistics of the Liquidity variable show an N of 123, a minimum value of 0.02, a maximum value of 19.84, an average of 1.8975, and a standard deviation of 2.91416.

4. Company Size (Ln)

The results of the descriptive statistics of the company size variable show N as many as 123, the minimum value is 14.26, the maximum value is 32.52, the average is 20.5763 and the standard deviation is 4.62632.

5. Debt Policy

The descriptive statistical results of the Debt Policy variable show an N of 123, a minimum value of 0.05, a maximum value of 51.79, an average of 1.1678, and a standard deviation of 4.60598.

6. Dividend Policy

The results of the descriptive statistics of the Dividend Policy variable show N as many as 123, a minimum value of 0.00, a maximum value of 2656.76, and an average of 132.9942 standard deviations of 347.81842.

Multiple Linear Regression Analysis Test

Table 2. Multiple Linear Regression Analysis Test Results

Model		Unstandardized Coefficients		StandardizedCoefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	214.644	110.798		1.937	.055
	ROA	2622.685	272.556	.689	9.623	.000
	KM	-201.237	91.209	-.157	-2.206	.029
	CR	-9.549	8.128	-.080	-1.175	.242
	UP	-2.046	5.337	-.027	-.383	.702
	KH	-18.243	5.540	-.242	-3.293	.001

Source: (Data processed, 2022)

Based on Table 2, the results of the multiple linear regression equation can be explained as follows:

$$KD = 214.644 + 2622.685ROA - 201.237KM - 9.549CR - 2.046UP - 18.243\ KH + e$$

1. Constant

The constant value of 214.644 indicates that if the independent variable is assumed to have no change (constant), the value of the dividend policy is 214.644 units.

2. Profitability

The regression coefficient value is 2622.685, indicating that if profitability increases by one unit while other independent variables are assumed to be constant, the dividend policy will increase by 2622.685.

3. Managerial Ownership

The regression coefficient value is - 201.237, indicating that if managerial ownership increases by one unit while other independent variables are assumed to be constant, the dividend policy will decrease by - 201.237.

4. Liquidity

The regression coefficient value is -9.549, indicating that if liquidity increases by one unit while other independent variables are assumed to be constant, the dividend policy will decrease by -9.549.

5. Company Size

The regression coefficient value is -2.046, indicating that if the company size increases by one unit while the other independent variables are assumed to be constant, the dividend policy will decrease by -2.046.

6. Debt Policy

The regression coefficient value is -18.243, indicating that if the debt policy increases by one unit while the other independent variables are assumed to be constant, the dividend policy will decrease by - 18.243.

Classical Assumption Test

1. Normality Test

Table 3. Normality Test

		Unstandardized Residual
N		123
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	254.44403605
Most Extreme Differences	Absolute	.214
	Positive	.214
	Negative	-.203
Test Statistic		.214
Asymp. Sig. (2-tailed)		.063[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Source: (Data processed 2023)

Table 3 shows that the normalization test results have a large Asymp. Sig. (2-tailed) is 0.063, which is greater than 0.05, thus indicating that the data is normally distributed, so it can be concluded that the model fulfills the assumption of normality.

2. Multicollinearity Test

Table 4. Multicollinearity Test

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	214.644	110.798		1.937	.055		
	ROA	2622.685	272.556	.689	9.623	.000	.893	1.120
	KM	-201.237	91.209	-.157	-2.206	.029	.903	1.107
	CR	-9.549	8.128	-.080	-1.175	.242	.986	1.014
	UP	-2.046	5.337	-.027	-.383	.702	.908	1.102
	KH	-18.243	5.540	-.242	-3.293	.001	.850	1.177

Source: (Data processed 2023)

In Table 4, the results of the Multicollinearity test show that all independent variables have a tolerance value> 0.10, as well as the results of the VIF value calculation, all variables have a VIF value < 10. This means that the regression model made does not have multicollinearity.

3. Autocorrelation Test

Table 5. Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.682[a]	.465	.442	259.82400	1.923

a. Predictors: (Constant), KH, CR, UP, KM, ROA

b. Dependent Variable: KD

Source: (Data processed 2023)

Based on the results of the Durbin-Watson (DW) test in table 5, it shows that the value (DW) can be found at 1.923, this value will be compared with the value of the 5% significant table, with the number of samples (n) = 123 and the number of independent variables (k) = 5, then the du value is 1.7910, and the Durbin Watson (DW) value of 1.923 is greater than the upper limit (du) of 1.7910 and less than (4-du) or 4- 1.7910 = 2.209. So, it can be concluded that there is no autocorrelation.

4. Heteroscedasticity Test

Table 6. Heteroscedasticity Test

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	189.309	80.837		2.342	.021
	ROA	43.169	198.854	.021	.217	.829
	KM	-121.525	66.545	-.174	-1.826	.070
	CR	-4.734	5.930	-.073	-.798	.426
	UP	.489	3.894	.012	.125	.900
	KH	-2.647	4.042	-.064	-.655	.514

Source: (Data processed 2023)

Based on the results of the Heteroscedasticity test, it shows that each model has a significant value greater than 0.05. This means that in this regression model there is no similarity in the variance of the residuals from one observation to another or there is no heteroscedasticity.

Model Feasibility Test

1. Test Coefficient of Determination (R)2

In Table 5 the coefficient of determination shown from the R Square value is 0.442 x 100 = 44.2%. This means that 44.2% of the variation in the Dividend Policy variable can be explained by the variation of the five variables of Profitability, Managerial Ownership, Liquidity, Company Size and Debt Policy. While the rest (100% - 44.2% = 55.8%) is explained by other variables not included in this study.

2. F Statistical Test

Table 7. F Statistical Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6860778.080	5	1372155.616	20.326	.000[b]
	Residuals	7898495.633	117	67508.510		
	Total	14759273.713	122			

Source: (Data processed 2023)

Based on the F test, it shows that the significant value is 0.000 <0.05. So, it can be concluded that profitability, managerial ownership, liquidity, company size and debt policy have a significant effect on dividend policy, thus the research model is considered worthy of testing and hypothesis testing can be continued.

Statistical Test t

Based on the results of the t-statistical test in Table 4, it can be concluded as follows:

a. Effect of Profitability on Dividend Policy

The test results show that the profitability variable has a regression coefficient of 2622.685 and a significance value of 0.000 <0.05. This means that the profitability variable has a significant positive effect on dividend policy, which means that H0 is rejected and H1 is accepted.

b. The Effect of Managerial Ownership on Dividend Policy

The test results show that the variable has a regression coefficient of -201.237 and a significance value of 0.029 <0.05. This means that the managerial ownership variable has a significant negative effect on dividend policy, which means that H0 is rejected and H2 is accepted.

c. Effect of Liquidity on Dividend Policy

The test results show that the liquidity variable has a regression coefficient of -9.549 and a significance value of 0.242> 0.05. This means that the liquidity variable has a negative and insignificant effect on the effectiveness of accounting information systems, which means that H0 is accepted and H3 is rejected.

d. Effect of Company Size on Dividend Policy

The test results show that the firm size variable has a regression coefficient of -2.046 and a significance value of 0.702 <0.05. This means that the firm size variable has a negative and insignificant effect on dividend policy, which means that H0 is accepted and H4 is rejected.

e. The test results show that the debt policy has a regression coefficient of -18.243 and a significance value of 0.001 <0.05. This means that the debt policy variable has a significant negative effect on dividend policy, which means that H0 is rejected and H5 is accepted.

Research Discussion

Effect of Profitability on Dividend Policy

The first hypothesis shows that profitability has a positive effect on dividend policy. Based on the test results, the regression coefficient value of the profitability variable is 2622.685 and a significant value of 0.000 <0.05. which means that the first hypothesis (H1) is accepted.

Profitability is the company's ability to earn profit or profit from sales, total assets, and own capital. This ratio also provides a measure of the effectiveness of a company's management. This is indicated by the profit generated from sales and investment income. Companies that make a profit tend to pay a larger portion of their profits as dividends. the results of this study are in line with the results of research conducted by Sri and Purnawati (2019), Sariningsih (2019), Febrianti (2018) found that profitability has a positive effect on dividend policy.

The Effect of Managerial Ownership on Dividend Policy

The second hypothesis shows that managerial ownership has a negative effect on dividend policy. Based on the test results, the regression coefficient of the managerial ownership variable is -201.237 and has a significant value of 0.029 <0.05. which means that the first hypothesis (H2) is accepted.

This means that the managerial ownership variable has a significant negative effect on dividend policy. This means that the greater the proportion of managerial ownership in the company will reduce the level of dividends that the company will pay to investors (shareholders). High managerial ownership causes low dividends paid to shareholders. The determination of low dividends is due to managers having expectations of future investment financed from internal sources. In this way, funding with internal sources of funds can delay the use of debt. Roaeff (1982) in personal (2012) states that dividend payments are part of monitoring. Companies tend to pay high dividends if managers have a lower proportion of shares. The results of this study are in line with the results of research conducted by Widiari and Putra (2017), and Rais and Santoso (2017) which state the results that managerial ownership has a negative effect on dividend policy.

Effect of Liquidity on Dividend Policy

The third hypothesis shows that liquidity has no effect on dividend policy. Based on the test results, the regression coefficient value of the liquidity variable is -9.549 and a significant value of 0.242> 0.05, which means that the third hypothesis (H3) is rejected.

Thus, it can be said that there is no influence between liquidity on dividend policy, in other words, companies do not make the level of liquidity a benchmark for estimating the amount of dividend payments. Curent ratio should provide cash availability in paying dividends but Curent ratio can also give a bad perception so that it does not affect dividend policy. companies that have high liquidity cause the company to have high free cash flow. Thus, managers in high free cash flow companies tend not to distribute dividends but use the cash to make investments that create less value for the company or are used for themselves. The results of the study are in line with previous research conducted by Sunarya (2013), Kristianawati (2012), and Carrol (2010) which shows that liquidity has a negative effect on dividend policy.

Effect of Company Size on Dividend Policy

The fourth hypothesis shows that company size has no effect on dividend policy. based on the test results, the regression coefficient value of the company size variable is -2.046 and a significant value of 0.702 <0.05. This means that the fourth hypothesis (H4) is rejected.

Company size is not a determining factor in the number of dividend payments to shareholders because companies face many choices to develop their business and attract shareholders to invest. The business opportunities seen by the company make the company prefer to retain profits to finance more profitable investments so that later the profits earned by the company will be greater. The results of this study are in accordance with research conducted by Agustina (2005) and Sutrisno (2001) which say that company size has no significant effect on dividend policy.

Effect of Debt Policy on Dividend Policy

The fifth hypothesis shows that debt policy has a negative effect on dividend policy. based on the test results, the regression coefficient value of the debt policy variable is -18.243 and a significant value of 0.001 <0.05. This means that the fifth hypothesis (H5) is accepted.

The results of the study mean that the better the debt policy owned by the company, it will be followed by a decrease in the company's dividend policy. Companies with high debt levels will try to reduce their agency cost of debt by reducing debt so that funding from internal cash flow is used to finance their investments. Internal cash flow that could previously be used for dividend payments will be relinquished by shareholders to finance investment. Jenson, Solberg, and Zorn et all (1992) in Nuringsih (2005) found a substitution mechanism between debt and dividends. Conversely, at a low level of debt usage, the company allocates high dividends so that most of the profits are used for the welfare of shareholders. The results of the study are in line with previous research conducted by Hardi and Andestiana (2018), Sumanti and Marjam (2017), and Makadao and Saerang (2021) found that debt policy has a negative effect on dividend policy.

CONCLUSION

Conclusion

Based on the results of research data analysis and discussion that has been described, conclusions can be drawn, namely:

1. Profitability has a significant positive effect on dividend policy. This means that the high profitability generated by the company will increase the dividend policy that will be issued to banking companies listed on the Indonesia Stock Exchange.
2. Managerial ownership has a significant negative effect on dividend policy. This means that the greater the proportion of managerial ownership in the company, the lower the level of dividends that the company will pay to investors (shareholders) in banking companies listed on the Indonesia Stock Exchange.
3. Liquidity has no effect on dividend policy. This means that higher liquidity will not have an impact on the dividend policy issued to banking companies listed on the Indonesia Stock Exchange.
4. Company size has no effect on dividend policy. This means that the larger the size of the company will not have an impact on the dividend policy distributed to banking companies listed on the Indonesia Stock Exchange.
5. Debt policy has a significant negative effect on dividend policy. This means that the better the debt policy owned by the company, it will be followed by the decrease in dividend policy in banking companies listed on the Indonesia Stock Exchange.

Limitation

The limitations in this study are that the results show that the adjusted R square value is still not strong, which is 0.442 or 44.2%. This means that the variation of the dependent variable, namely dividend policy, can be explained by 44.2% by the independent variables, namely Profitability, Managerial Ownership, Liquidity, Company Size, and Debt Policy while the remaining 55.8% is influenced by other variables outside this research model.

Recommendation

To overcome the limitations, then future research is expected to be able to increase the adjusted R square value by examining and adding other variables that affect dividend policy such as company age, leverage, and others. For further research, it is hoped that it can use measuring instruments and also extend the number of years of observation to provide more comprehensive results.

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