# Determinants of Dividend Policy on Indonesia Non-Family Companies Listed in LQ45 Index

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# Abstract

Companies in Indonesia that listed in the LQ45 Index are companies that have strong fundamentals. This study aims to determine the effect of company growth, leverage, free cash flow, institutional ownership and inflation on the policy of dividends in non-family companies listed on the LQ45 index in 2013-2020. This study uses a quantitative approach with panel data regression analysis and weight least square (WLS) methods to deal with heteroscedasticity and normality problems using EViews 12.0 software. The results of this study showed that simultaneously the growth of the company, leverage, free cash flow, institutional ownership and inflation affect dividend policy. Meanwhile, partially the company's growth, leverage, institutional ownership has a significant and negative influence on dividend policy, and free cash flow and inflation have no effect on dividend policy.

# Keywords

Dividend Policy, Company Growth, Leverage, Free Cash Flow, Institutional Ownership, Inflation

# 1. Introduction

The LQ45 index is an index that contains 45 companies with good fundamentals and leads to companies that have high liquidity and large market capitalization (Solihin et al., 2022). Companies in the LQ45 index come from a variety of sectors and company holdings, including non-family companies. The division of power and power of influence among shareholders over the operational activities of the entity is reflected in the shareholding structure. In Indonesia, non-family companies have the majority of shareholders owned by the government, foreign, and institutional. However, non-family companies are usually managed by management who come from professional circles who do not have a family relationship with the company owner (Venusita & Agustia, 2021). Supervision of management in non-family companies is more effective because the proportion of independent commissioners is higher. So that independent commissioners can represent as shareholders. Shareholders with 20 - 25% ownership are considered sufficient to be able to play a role in the company's strategic decisions, so these criteria are often used to classify Family Firms (FFs) and Non Family Firms (NFFs) (Drake, 2009). According to Kristanti et al. (2019) a family company is defined as a company that is majority managed by several family members with one of them founded by family members who also own majority shares or members of the company's board of directors have a family relationship with the founder of a company. In non-family companies the changes that occur are seen as an opportunity to grow and develop (Strike, 2015). Thus, it can be concluded that a company is said to be a non-family company if it does not meet these categories.

The trend of investing in Indonesia is currently a hot topic of discussion. According to the statistical data of Indonesian Central Securities Depository (2020) the number of capital market investors in 2020 increased by 55.83% or a total of 3,871,248 Single Investor ID from the previous year's 2,484,354 Single Investor ID in 2019. Among the many variations of investment instrument choices that have emerged in Indonesia, investment with the purchase of securities in the capital market is still in the interest of the public. According to Nguyen et al. (2021) dividend is the net profit of the company which is distributed to shareholders according to the ownership of shares owned and the amount and timing of distribution is based on the dividend policy of the General Meeting of Shareholders (GMS). There are two potential benefits if investing in stocks, namely profiting from dividend distribution from the company's profit

according to the portion of share ownership and profits on the increase in the stock price (capital gains) itself (Paryanto & Sumarsono, 2018). Capital gains are riskier than the amount of profit earned from dividends. This is due to uncertain fluctuations in the company's stock price.

There are three important decisions that need to be taken by financial managers, namely related to investment, funding and dividends (Yuniningsih et al., 2018). Agency theory describes the difference in interests between agents and principals (Jensen & Meckling, 1976). This theory also deals with dividend policy. Agency conflicts occur when the agent has more information from the principal (asymmetry information). In non-family companies, where agency principles are applied, management compensation motives can trigger agents to take policies that prioritize short-term performance over long-term. To reduce agency conflicts with management and shareholders or investors, companies can increase the ratio of dividend payments to be distributed to shareholders. Dividend policy information can be found in the dividend payout ratio. Dividend payout ratio is information on the percentage of the amount of dividends distributed to shareholders (Widyakto & Triyani, 2022). A high dividend percentage can be an attraction for investors. The following is the dividend payment ratio for non-family companies listed on the LQ45 Index for 2013-2020:



Source: Indonesia Stock Exchange, (data processed by the author)



Based on Figure 1. from the annual report of 16 non-family companies, an average Dividend Payout Ratio (DPR) chart was obtained which shows the phenomenon of non-family companies which is seen to have decreased by 11.84% from 2013 with an average DPR of 49.64% until 2015 of reaching 37.80%. in 2016-2020 the average movement of dividend payout ratio tends to go up and down but in the range of 0.5-5.5%. From the average DPR in the chart above collected over eight years, not all companies distribute their cash dividends every year. These companies include PT Bank Tabungan Negara (Persero) Tbk, PT Vale Indonesia Tbk, PT Jasa Marga (Persero) Tbk, PT Perusahaan Gas Negara Tbk, and PT PP (Persero) Tbk.

In 2020, the COVID-19 pandemic hit Indonesia which had an impact on the global and national economy in several corporate sectors, including non-family companies on the LQ45 Index. Some of the companies include PT Bank Tabungan Negara (Persero) Tbk, PT Jasa Marga (Persero) Tbk, and PT PP (Persero) Tbk chose to shift its priority over the profits earned as a capital booster of the company to focus on the development and completion of operating activities and not to distribute dividends. Unlike PT Perusahaan Gas Negara Tbk who did not distribute dividends in 2020 due to having a negative net income.

In addition, previous research conducted by Adityo & Heykal (2020) explained that company growth and leverage has no significant effect on dividend policy, Wahjudi (2020) explained that company growth and leverage has a negative and significant effect on dividend policy, Lohonauman & Budiarso (2021) explained that free cash flow has no effect on dividend policy, (Rochmah & Ardianto, 2020) explained that free cash flow has positive and significant effect on dividend policy, (Bohanes et al., 2021) explained that institutional ownership has no effect on dividend policy, (Bataineh, 2021) explained that institutional ownership has positive and significant effect on dividend policy, (Bataineh, 2021) explained that institutional ownership has positive and significant effect on dividend policy, (Bataineh, 2021) explained that institutional ownership has positive and significant effect on dividend policy, (Bataineh, 2021) explained that institutional ownership has positive and significant effect on dividend policy, (Bataineh, 2021) explained that institutional ownership has positive and significant effect on dividend policy, (Bataineh, 2021) explained that institutional ownership has positive and significant effect on dividend policy, (Bataineh, 2021) explained that institutional ownership has positive and significant effect on dividend policy, (Bataineh, 2021) explained that institutional ownership has positive and significant effect on dividend policy, (Bataineh, 2021) explained that institutional ownership has positive and significant effect on dividend policy, (Bataineh, 2021) explained that institutional ownership has positive and significant effect on dividend policy, (Bataineh, 2021) explained that institutional ownership has positive and significant effect on dividend policy, (Bataineh, 2021) explained that institutional ownership has positive and significant effect ownership

& Reddemann, 2011) explained that inflation has a positive and significant effect on dividend policy, while (Elly & Hellen, 2013) explained that inflation has no effect on dividend policy.

Based on the description of previous research above, there are studies that show inconsistent results. This makes it attractive for researchers to conduct further research related to company growth, *leverage*, *free cash flow*, institutional ownership, and inflation on dividend policy.

# 1.1 Objectives

Based on the background of the problems that the author describes; the objectives of this study are as follows:

- 1. To determine the company's growth, leverage, free cash flow, institutional ownership, and inflation on dividend policies in non-family companies listed on the LQ45 Index of the Indonesia Stock Exchange in 2013-2020.
- 2. To determine the company's growth, leverage, free cash flow, institutional ownership, and inflation simultaneously affect the dividend policy on non-family companies listed on the LQ45 Index of the Indonesia Stock Exchange in 2013-2020.
- 3. To determine the company's growth, leverage, free cash flow, institutional ownership, and inflation partially affect the dividend policy on non-family companies listed on the LQ45 Index of the Indonesia Stock Exchange in 2013-2020.

# 2. Literature Review

#### 2.1 Dividend Policy

Dividend policy is a policy to determine the amount of profit to be paid to shareholders in the form of dividends and how much profit will be allocated as retained earnings (Idewele & Murad, 2019). Dividend distribution is one of the solutions to the agency conflict that occurs between the company's management and shareholders (Ullah et al., 2016). The higher value of the company's dividend payout ratio, the higher number of dividends to be distributed to shareholders, and it has an impact on the increase in the stock price, but the company's internal funding is weakened because the retained earnings are getting lower. In this study, the dividend policy is proxied by the dividend payout ratio. The dividend payout ratio shows how much of the net profit is reinvested or held in the company, which is believed to be useful in forecasting future profits (Lohonauman & Budiarso, 2021).

#### 2.2 Company Growth

According to Adityo & Heykal (2020) the growth of the company can be assessed by the growth of assets owned by subtracting the total assets of the current year by the total assets of the previous year and divided by the total assets of the previous year. The assets of a company can be useful for the company's operational activities in carrying out its business. Good asset management will contribute to an increase in the company's profits. It can also have an impact on the trust of external parties in the company in providing credit loans or the choice of external parties in investing their money. The higher the intensity of the company to expand, the higher the necessary funds, so it will reduce the number of dividends that will be distributed to shareholders. This is supported by the research conducted by Wahjudi (2020) which states that company growth has a negative and significant effect on dividend policy.

# 2.3 Leverage

Leverage is an illustration of the company's debt level. In this study, the variable leverage was proxied with the debtto-equity ratio. DER provides information on the extent to which the amount of debt can be covered by own capital (Hantono, 2020). The greater the amount of company debt, the higher the retained profit, because the profit owned by the company will be used to pay obligations in the form of fixed expenses first. So, this has the potential to decrease the amount of the company's dividend payments to shareholders. This is supported by the research conducted by Wahjudi (2020) which states that leverage has a negative and significant effect on dividend policy.

#### 2.4 Free Cash Flow

According to Lohonauman & Budiarso (2021) free cash flow is the cash owned by the company that is obtained after operating cash flow is reduced by capital expenditure. The company's cash flow must be managed properly, one of which is to reduce capital expenditures to maintain the company's liquidity and company's cash. The cash earned by the company from its operating activities can be used for various kinds of company needs which can be used to be reinvested. The greater the cash owned by the company, the greater the level of the company's ability to make dividend payments. With the highly liquid nature of cash, it is usually a trigger for agency conflicts between management and

shareholders. Where the management wants to use the company's cash to be reinvested in the form of purchasing fixed assets that can support the increase in incentives to be received and working capital (working capital) for business continuity, while it will reduce the amount of dividends to be distributed to shareholders (Omerhodzic, 2014). This is supported by the research conducted by Rochmah & Ardianto (2020) which states that free cash flow has a positive and significant effect on dividend policy.

#### 2.5 Institutional Ownership

Ownership of institutional is the number of shares owned by institutions or non-bank financial institutions that manage funds over others (Johanes et al., 2021). With institutional share ownership in the company will encourage increased supervision to maximize the performance of the management in the management and management of the company so as to reduce agency conflicts (Dhuhri & Diantimala, 2018). The greater the value of investments made by external parties invested, it will affect the strong supervision system in the organization so that agency costs that occur within the company are decreasing and dividend policies are also increasing. Institutional decisions have a very strong influence in decision making because of their nature as majority owners, so that the voting rights of institutional investors can intervene in management decisions on the course of the company. This is supported by the research conducted by Bataineh (2021) which states that institutional ownership has a positive and significant effect on dividend policy.

#### 2.6 Inflation

According to Kamaruzzaman (2019) inflation is an event where there is a continuous increase in the level of general price increase. In an inflationary environment, companies cannot think about their future, as producers continue to raise prices, investment decreases and financial institutions suffer (Ghafoor et al., 2014). According to Basse & Reddemann (2011) the equity market or stock market can act as an effective hedge against inflation because stocks are claims to real capital. Inflation should lead to higher stock prices by increasing the nominal value of real capital. In addition, inflation magnifies the income of the corporate sector leading to higher earnings and an increase in stock prices. So, it is possible that companies can distribute a larger number of dividends at a time when the inflation rate tends to be high. This is supported by the research conducted by Basse & Reddemann (2011) which states that inflation has a positive and significant effect on dividend policy.

# 3. Methods

This study uses a quantitative approach using the panel data regression analysis method and the weighted least square (WLS) method to deal with heteroscedasticity and normality problems. The data collection method is carried out by the documentation method from secondary data sources taken from the Indonesia Stock Exchange (IDX) website and in the form of financial statements and annual reports on the website of the relevant company. The population in this study were non-family companies listed on the LQ45 Index for 2013-2020. The selection of sample criteria for this study uses the Purposive sampling technique, provided that the sample criteria are: (1) LQ45 index companies that are consistently listed on the Indonesia Stock Exchange 201 3-2020, (2) Inconsistent LQ45 index companies including non-family companies in 2013-2020, and (3) non-family companies in the LQ45 Index that are inconsistent in distributing dividends in 2013-2020. With the predetermined sample criteria, the number of samples used in this study was 11 non-family companies in 2013-2020, so that a total of 88 observations were obtained.

Based on the theory and framework of the examination that has been written before, the research hypothesis can be made as follows:

- H1: Company growth, leverage, free cash flow, institutional ownership and inflation simultaneously effect on dividend policy of non-family companies listed on the LQ45 Index for 2013-2020.
- H2: The growth of the company partially has a significant and negative effect on dividend policy of non-family companies listed on the LQ45 Index for 2013-2020.
- H3: Leverage partially has a significant and negative effect on dividend policy of non-family companies listed on the LQ45 Index for 2013-2020.
- H4: Free cash flow partially has a significant and positive effect on dividend policy of non-family companies listed on the LQ45 Index for 2013-2020.
- H5: Institutional Ownership has a partial significant and positive effect on dividend policy of non-family companies listed on the LQ45 Index for 2013-2020.

H6: Inflation partially has a significant and positive effect on dividend policy of non-family companies listed on the LQ45 Index for 2013-2020.

#### 3.1 Variable Measurement

Variables	Information	Measurement
Dividend Policy	Dividend policy is a decision that whether the profit earned by the company will be held in the form of retained earnings balance for investment financing or distributed to shareholders in the	Dividend by Net Income
	form of dividends (Wahjudi, 2020).	
Company Growth	The growth of the company describes the growth rate of the company's assets (Nurdiansari et al., 2022).	This year's total assets minus the previous year's total assets divided by the previous year's total assets
Leverage	Leverage shows the company's ability to pay all of its obligations (Kartikasari & Merianti, 2016).	Total Debt by Total Equity
Free Cash Flow	Free cash flow is cash available in a company that can be used for various activities (Lohonauman & Budiarso, 2021).	Net operating cash flow minus net investment cash flow divided by total assets
Institutional Ownership	Institutional ownership is the ownership of company shares by institutions, which are usually financial institutions and other companies (Adiyanto, 2021).	Number of institutional shares by number of shares outstanding
Inflation	Inflation is a condition in which the price of goods increases in general (Mankiw, 2016)	This year's Consumer Price Index minus the previous year's Consumer Price Index divided by the previous year's Consumer Price Index

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# 4. Result and Discussion

# 4.1 Numerical Result

a. Descriptive Statistics

Variables	Observations	Minimum	Maximum	Mean	Std. Deviation
Dividend Policy	88	0,100000	1,767000	0,478759	0,249150
Company Growth	88	-0,106634	0,599559	0,121496	0,120123
Leverage (DER)	88	0,157960	7,208150	2,217942	2,402188
Free Cash Flow	88	-0,072212	0,463271	0,165384	0,126210
Institutional	88	0,501148	0,981363	0,618661	0,124749
Ownership					
Inflation	88	0,0168	0,0838	0,042813	0,024345

Table 2. Descriptive Statistics Result

Source: EViews 12.0 output (2022)

Based on Table 2 above, the descriptive statistical results show that the mean value of the dividend policy variables, company growth, free cash flow, institutional ownership and inflation have a mean value that is greater than the standard deviation value which means that the data does not vary or is in groups. Whereas in the descriptive statistical results of the leverage variable the mean value is smaller than the deviation standard value which indicates that the data varies or is not grouped.

The classical assumption test in this study was carried out by using the weighted least square (WLS) method to deal with heteroscedasticity and normality problems. The reason for using this method is because WLS can neutralize the consequences of violating the assumption of heteroscedasticity and can eliminate the habitual nature and consistency of the estimation model. In this study, there were three classic assumption tests used, namely the multicollinearity test, the heteroscedasticity test and the normality test.

#### b. Multicollinearity Test

Variables	Coefficient Variance	Uncentered VIF	Centered VIF
С	0.003683	27.82941	NA
GRW	0.017124	3.129672	1.098858
DER	4.55E-05	5.977390	2.419746
FCF	0.014946	4.270628	1.928129
ΙΟ	0.006832	23.82188	1.444126
INF	0.241001	4.405145	1.067076

Table 3. M	Multicolli	nearity Te	st Result
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Source: Eviews 12.0 output

According to Multicollinearity Test Result, it shows the centered VIF value on each independent variable less than 10. So, it can be interpreted that in this study there is no multicollinearity. (Table 3)

#### c. Heteroscedasticity Test

Table 4.	Heterosced	lasticity	Test	Result

Variables	Coefficient	Std. Error	t-Statistics	Prob.
С	0.312276	0.104186	2.997289	0.0036
GRW	-0.198283	0.153852	-1.288787	0.2011
DER	-0.018360	0.010570	-1.736971	0.0861
FCF	-0.195520	0.181912	-1.074802	0.2856
IO	-0.086419	0.161645	-0.534626	0.5944
INF	-0.780072	0.743064	-1.049804	0.2969

Source: Eviews 12.0 output

Based on Table 4 above, it shows the probability value of the heteroscedasticity test results in each variable having a probability value above 0.05 or 5%, so it can be interpreted that heteroscedasticity did not occur in this study.

#### d. Normality Test

A normality test is a test that is performed to see whether or not a normal distributed residual value is performed. In this study, the normality test used the histogram test with the provision that the data was normally distributed if the probability value > 0.05.



Source: EViews 12.0 output

Figure 2. Normality Test Result

Based on Figure 2 above, the normality test results have a probability value of 0.651395 < 0.05. So that it can be interpreted as normal distributed regression error variance data.

This study used panel data regression analysis to determine the best regression model among the common effect model (CEM), Fixed effect model (FEM), or random effect model (REM) that will be used in this study.

#### a. Chow Test

#### Table 5. Chow Test Result

Effects Test	Statistics	d.f.	Prob.
Cross-section F	7.960609	(10,72)	0.0000

#### Source: Eviews 12.0 output

Based on Table 5. the output of EViews 12.0 for the chow test, a cross section F probability value of 0.0000 < 0.05, then H0 is rejected and the fixed effect model is the best model to be used and furthermore, the Hausman test will be carried out to determine the best model between the random effect model and the fixed effect model to be used in this study.

#### b. Hausman Test

#### Table 6. Hausman Test Result

Test Summary	Chi-Sq. Statistics	Chi-Sq. d.f.	Prob.
Cross-section random	18.930110	5	0.0020

#### Source: Eviews 12.0 output

Based on Table 6. output Eviews 12.0 for the Hausman test obtained a random cross section probability value of 0.0020 < 0.05 then H0 was rejected and fixed effect model (FEM) was the best model to use in this study.

Variable	Coefficient	Std. Error	t-Statistics	Prob.	
Company Growth (GRW)	-0.279486	0.111000	-2.517884	0.0399	
Leverage (DER)	-0.065471	0.018838	-3.475391	0.0103	
Free Cash Flow (FCF)	0.286079	0.161696	1.769238	0.1202	
Institutional Ownership (IO)	-3.120754	0.962673	-3.241757	0.0142	
Inflation (INF)	0.398442	0.425708	0.935953	0.3805	
R-squared	0.815445				
Adjusted R-squared	0.776996				
F-statistics	21.20847				
Prob(F-statistics)	0.000000				

Table 7. Fixed Effect Model (FEM) Result

#### c. Panel Data Regression Analysis Result

Source: Eviews 12.0 output

Table 7. shows the result of coefficient of determination test indicates an adjusted r-squared value of 0.776996 or 77.69%. The value shows that the variables of company growth, leverage, free cash flow, institutional ownership and inflation had an effect of 77.69% and another 22.31% were influenced by other variables that were not used in this study.

Based on Table 7. the fixed effect model results, the equation of the panel data regression model is formulated as follows:

# $\begin{aligned} Dividend \ Policy &= 2.524245 - 0.279486 GRW - 0.065471 DER + 0.286079 FCF - 3.120754 IO \\ &+ 0.398442 INF \end{aligned}$

# 4.2 Graphical Results



Figure 3. Directed graph of the relationship of all variables

Based on Figure 3, directed graphs for all variables concluded the following points:

- 1. X1 (Company Growth) has effect on Y (Dividend Policy)
- 2. X2 (Leverage) has effect on Y (Dividend Policy)
- 3. X3 (Free Cash Flow) has no effect on Y (Dividend Policy)
- 4. X4 (Institutional Ownership) has effect on Y (Dividend Policy)
- 5. X5 (Inflation) has no effect on Y (Dividend Policy)

# 4.3 Discussion

# 4.1.1 Effect of Company Growth, Leverage, Free Cash Flow, Institutional Ownership and Inflation on Dividend Policy

In Table 7. the result is a prob (F Statistic) value of 0.000000. This value indicates the simultaneous influence between independent variables on dependent variables in this study. This is because the probability value is less than  $\alpha = 0.05$ . Thus, H1 is accepted and the variables of corporate growth, leverage, free cash flow, institutional ownership and inflation simultaneously affect dividend policy.

# 4.1.2 Effect of Company Growth on Dividend Policy

Based on Table 7. it is known that the independent variable of company growth has a probability value of 0.0399 which is smaller than the significance level  $\alpha = 0.05$  and in the results of the selection of the regression model panel data shows that the company's growth variable has a coefficient value of -0.279486 which means that the company's growth variable has a coefficient value of -0.279486 which means that the company's growth variable has a coefficient value of -0.279486 which means that the company's growth partially has a significant effect on dividend policy non-family companies listed on the LQ45 Index in 2013-2020 and the two have a negative relationship. Thus, H2 is accepted. This is because the company allocates its funds as retained earnings which will later invest the funds owned in adding assets or expanding which will be managed to contribute to increasing profits. Companies with high growth rates will also have a higher funding need in the future to finance their growth so that it will tend to reduce the amount of dividend payments to shareholders. The results of this study are supported by research conducted by Wahjudi (2020) which found that the company's growth has a significant and negative effect on dividend policy.

# 4.1.3 The Effect of Leverage on Dividend Policy

Based on Table 7. it is known that the independent variable leverage proxied with the debt to equity ratio has a probability value of 0.0103 which is smaller than the significance level of  $\alpha = 0.05$  and in the results of the selection of the regression model the panel data shows that the leverage variable has a coefficient value of -0.065471 which means that the leverage variable proxied with the debt to equity ratio partially has an effect significant dividend policy on non-family companies listed on the LQ45 Index for 2013-2020 and the two have a negative relationship. Thus, H3 is accepted. This is because the increasingly large debt causes the company's burden to be large due to the cost of debt that must be borne. So, the company's priorities tend to be focused on paying its obligations first rather than paying dividends to shareholders. The results of this study are supported by research conducted by Wahjudi (2020) who found that leverage had a significant and negative effect on dividend policy.

# 4.1.4 Effect of Free Cash Flow on Dividend Policy

Based on Table 7. it is known that the independent variable free cash flow has a probability value of 0.1202 which is greater than the significance level of  $\alpha = 0.05$  and in the results of the selection of the regression model the panel data shows that the free cash flow variable has a coefficient value of 0.286079 which means that free cash flow partially does not affect the dividend policy in non-family companies listed on the LQ45 Index in 2013-2020. Thus, H4 is rejected. The results of this study are supported by research conducted by Lohonauman & Budiarso (2021) which found that free cash flow does not affect the policy of a dividend. This is because not necessarily all companies use their free cash flow to pay dividends to shareholders, but to support the development of their business.

# 4.1.5 The Effect of Institutional Ownership on Dividend Policy

Based on Table 7. it is known that the independent variable institutional ownership has a probability value of 0.0142 which is smaller than the significance level of  $\alpha = 0.05$  and in the results of the selection of the regression model the panel data shows that the institutional ownership variable has a coefficient value of -3.120754 which means that institutional ownership has a partial significant effect on the to the dividend policy on non-family companies listed on the LQ45 Index in 2013-2020 and have both have a negative relationship. Thus, H5 is rejected. This is because the strong supervision owned by institutional shareholders makes it difficult for companies to be opportunistic in terms of setting dividend policies. There is a desire for institutional shareholders to get greater profits by reinvesting funds owned by the company to expand. So that it will improve the company's performance which will lead to an increase in stock prices and this situation will encourage an increase in the profits of institutional investors. The results of this study are supported by research conducted by Hasan et al. (2021) which finds institutional ownership has a significant and negative effect on dividend policy.

# 4.1.6 The Effect of Inflation on Dividend Policy

Based on Table 7. it is known that the independent variable of inflation has a probability value of 0.3805 which is greater than the significance level of  $\alpha = 0.05$  and in the results of the regression model selection the panel data shows that the inflation variable has a coefficient value of 0.398442 which means that inflation partially has no effect on dividend policy in non-family companies listed in the LQ45 Index in 2013-2020. Thus, H6 is rejected. The results of this study are supported by research conducted by Elly & Hellen (2013) which found inflation has no effect on dividend policy. These results illustrate the high and low levels of inflation that occur have no effect on dividend policy.

# 5. Conclusion

This study analyzes the effect of company growth, leverage, free cash flow, institutional ownership and inflation affecting dividend policy in non-family companies listed on the LQ45 Index in 2013-2020. The results of this study found that company growth, leverage, free cash flow, institutional ownership and inflation had a simultaneous effect on dividend policy. while partially it was found that company growth, leverage, and institutional ownership had a significant and negative effect on dividend policy, while free cash flow and inflation partially had no effect on dividend policy. Furthermore, it is hoped that this research can be used as a research reference in the future. The author suggests that researchers can then replace independent variables that may affect dividend policy as well as allow subsequent researchers to replace or increase the number of research objects. For companies, it is necessary to evaluate more related to company growth, leverage, free cash flow, institutional ownership and inflation in order to provide a better decision for the company. For investors, the results of this study can be information about factors that can affect the size of the amount of dividends distributed as a consideration before making an investment.

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