Effect of Ownership Structure, Growth, and Liquidity of a Company on Dividend Policy (Case Study there are Insurance Sub-Sector Companies that are registered on the IDX for the 2018-2020 Period)

Ringkin Febbyta Sudjado
Telkom University
ringkinfebbyta@student.telkomuniversity.ac.id

Farida Titik Kristanti
Telkom University
faridatk@telkomuniversity.ac.id

Abstract

The distribution of dividends or profits in the company is something interesting to discuss. In this dividend distribution process, of course, companies have their own policies on profits that will be distributed to shareholders. Factors that influence dividend policy *include* ownership structure, company growth, and *liquidity ratio*. The purpose of this study is to analyze the influence of these factors with dividend policies. The research was conducted on insurance companies listed on the IDX in 2018-2020. From the existing population were taken 9 samples of enterprises. Data collection techniques use documentation taken from the company's official web and literature studies. The collected data is then analyzed using a t-test to determine its effect. The results showed that the variable ownership structure of both managerial ownership and institutional ownership had a positive and significant effect on dividend policy. Variables of company growth and liquidity have a negative and insignificant effect on dividend policy.

Keywords
Dividend Policy, Ownership Structure, Company Growth, Liquidity

1. Introduction
Dividends are the distribution of profit (retained earnings) to shareholders owned and carried out by the company(Pramudena, 2020; Aleknevičienė et al., 2006). In this dividend distribution process, of course, companies have their own policies on profits that will be distributed to shareholders. The company has a full policy regarding dividend distribution so that at the time of dividend distribution, it can reduce the amount of retained earnings which results in a reduction in the source of internal funds that should be used for the development of the company. However, if the company does not distribute its retained earnings as dividends to shareholders, it can increase the company's internal source of funds and of course can make the company more developed because it has large internal funds.

In the midst of the Covid-19 pandemic, the company is very trying to distribute dividends to shareholders so that investors who are going to buy shares of a company must also look at the prospects of the company. The sector that still distributes its shares to shareholders is the financial sector of the insurance sub-sector. Based on the website article (*newssetup.kontan.co.id*) cited based on data from the OJK. Insurance companies are still distributing dividends to shareholders amid the pandemic. Some of these companies are PT Asuransi Ramayana Tbk (ASRM), PT Asuransi Dayin Mitra Tbk (ASDM) and PT Asuransi Bintang Tbk (ASBI). PT Asuransi Ramayana distributed cash dividends to shareholders in 2020 amounting to IDR 46 per share and also on August 9, 2021, the value of the dividends distributed reached IDR 13.99 billion. PT Asuransi Dayin Mitra also distributed cash dividends to shareholders in 2020 of IDR 95 per share with a value of IDR 18.24 billion. The company plans to pay a cash dividend on September 14, 2021. PT Asuransi Bintang distributed dividends of IDR 3.48 billion to shareholders or IDR 10 per share. Payment of the cash dividend on August 16, 2021. The dividend distributed by Asuransi Bintang amounted to 14.70% of last year's net profit, IDR 23.67 billion.

The Figure 1 below is the distribution of dividends to insurance companies listed on the IDX for the 2017-2020 period.

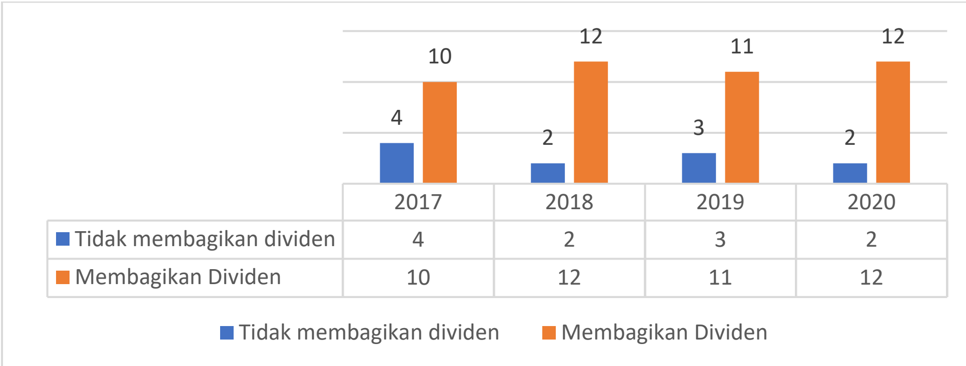

Figure 1 Asuransi terdaftar di BEI periode 2017-2020.

In the chart above, it can be seen that insurance companies in 2017-2020 still distribute dividends to shareholders compared to companies that do not distribute dividends to shareholders. In 2017 there were 10 companies that distributed dividends and increased in 2018 to 12 companies but in 2019 it decreased to 11 companies and again increased in 2020 to 12 companies that distributed dividends to shareholders.

Factors that can influence dividend policy include the ownership structure. There are 3 types of ownership structures, namely individual ownership, managerial ownership and institutional ownership. managerial ownership. Managerial ownership is a share ownership held by the management of a company. Managerial ownership is calculated from the percentage of the entire number of shares owned by management (Sujoko, 2007).
In addition to the ownership structure, there are other factors that influence the dividend policy, namely the company's growth and liquidity *ratio*.

The purpose of this study is (1) to analyze whether there is an influence between the ownership structure and dividend policy on insurance companies listed on the IDX in 2018-2020, (2) to analyze whether there is an influence between company growth and dividend policies on insurance companies listed on the IDX in 2018-2020, (3) To analyze apakah there is an influence between Liquidity and dividend policy on Insurance companies listed on the IDX in 2018-2020

2. Literature Review

2.1 Dividen
Dividends that the company distributes to investors can be in the form of dividends on shares, cash, other assets, letters, other evidence that are the company's debts to investors on profits obtained as a form of rights from investors (Jensen et al. 1992)

Martani et al. (2015: 107) mentioned that the distribution of dividends by the company can be in various forms such as: (1) Cash dividends are that the company will directly distribute dividends to shareholders in the form of cash according to the share of each investor based on the ratio of dividend distribution from the company's net profit. (2) Stock dividends where in order to fulfill rights to investors by distributing stock dividends to investors, in the process of distributing stock dividends will be distributed equally to investors. (3) Property dividends are dividends that originate from the company's assets, these dividends have various forms such as *real estate*, inventories, goods and others. (4) A script dividend in the form of a letter whose content states that the company will pay dividends to shareholders in the form of cash.

2.2 Dividend Policy

Dividend policy is one of the funding decisions from the company which is used to finance the company's operational activities, funding comes from outside and inside the company, for funding from within the company, it is obtained from the results of the company's operational activities, for funding from outside the company can sell the company's shares to the public so that the company must also be accountable to shareholders by distributing profits on shares, however, the company can also hold it so that it becomes retained earnings and is reused to be reinvested in its company (Sutrisno, 2001)

2.3 Company Ownership Structure

2.3.1 Managerial Ownership

Shareholders who have a position as company management as creditors or as a board of commissioners are referred to as managerial ownership. Managerial ownership is a shareholder that is actively held by the management (managers, directors and commissioners) of the company, so that the management will also participate in decision making (Wahidahwati, 2002). The management of the company will get the same rights to the ownership of the company's shares so that it is in the same position as other shareholders. The proportional level of managerial ownership has a good impact, and it is important for managers to make decisions and also act in order to get the best results in order to explore and increase the value of themselves (Ahmed, 2009).
The formula used in this study to calculate managerial ownership is Managerial ownership = Σ shareholding by the manager

2.3.2 Institutional Ownership

Institutional ownership according to (Tarjo, 2008) is where the company's shares are owned by an institution or other institution such as a bank, insurance company, investment company or other institution. A high proportion of institutional shares can make supervision of the company higher and more intensive so as to minimize the *behavior of opportunistic* managers which is a behavior where managers' report profits *opportunistically* to maximize their personal interests (Dewi, 2008). According to (Ismiyanti and Hanafi 2003) if institutional ownership is higher, the stronger the control of external parties of the company over the company so that the control is tighter and the movement of managers is narrower to commit fraud, if managers incur additional costs for personal interests, it will cause the costs incurred by the company to also increase so that it will also have an impact on the distribution of dividends to shareholders. The formula used in this study to calculate managerial ownership is Institutional ownership = Σ shareholding by institutions

2.4 Growth Ratio

Growth ratio is a ratio used to measure how strong and how big the company is in running its business in the industry and how capable it is to develop the economy in general by looking at the number of sales and also seen from its shares (Fahmi, 2012). In measuring the growth ratio, it can be done by calculating the growth ratio, the growth ratio of net profit, the ratio of sales growth. In this study, the ratio of sales growth was used. The company's growth of assets is the company's ability to grow assets on operational activities carried out by the company over time. So that the higher the assets in the company, the company is considered successful in carrying out the planned strategies (Widarjo and Setiawan, 2009). So that the higher the growth of a company, the higher it will tend to be in distributing dividends to the company's shareholders.

In this study, the *ratio of sales growth (sales growth*) was formulated such as:

$$\text{Company Growth} = \frac{\text{assets}(t) - \text{assets}(t-1)}{\text{assets}(t-1)}$$

2.5 Liquidity Ratio

Liquidity according to (Sartono, 2001) is the first thing to look at in determining dividend policy. (Prastowo, 2011) mentioned that the liquidity ratio is a ratio that shows the company's ability to pay and fulfill short-term obligations or obligations that are less than one year old and mature immediately. The liquidity ratio or also known as the working capital ratio aims to measure the company's ability to meet its short-term obligations. If the company is able to pay all short-term obligations, then the company is said to be a *liquid company*. Companies with better liquidity will be able to pay more dividends to shareholders (Suharli, 2007).

Types of Liquidity Ratios according to (Hery, 2016: 152) and are often used in the measurement of the capacity of the enterprise to meet its short-term debt.

2.6.1. Current Ratio

The current ratio is used in measuring the company's ability to meet its short-term obligations with all existing current assets. The current ratio describes the amount of availability of current assets that the company has and is compared with the current liabilities of the company.
Here is the formula used to calculate the current ratio:
Current Ratio = Current Assets / Current Liabilities

2.6.2. Quick Ratio or Acid Test Ratio

Ratio is to measure current assets that are easily liquid then divided by current liabilities.
Quick Ratio = Cash + Securities + receivables / Current Liabilities

2.3.3. Cash Rasio

Cash Ratio is a ratio that compares the existing cash in the company with the cash in the bank with current liabilities
Cash Ratio = Cash and Cash Equivalents / Current Liabilities

The liquidity ratio used in this study uses a current ratio with the formula:

$$Current\ Ratio = \frac{\text{Current asset}}{\text{current obligations}}$$

3. Methods

3.1 Types of Research

This method uses a method with a quantitative category with a deductive approach, which is an approach based on approved and predetermined rules. Based on the research strategy, this study used ethnography. Ethnography is a documentation or analysis of a certain thing by conducting field research.

3.2 Population and Sample

Population is data that is of concern to researchers on the scope that has been determined by the researcher, so the population is closely related to data. In this study, what constitutes the population is the company's financial statements in the insurance sub-sector for 2017-2020 which have been listed on the Indonesia Stock Exchange (IDX). The total population of the company's financial statements in the insurance sub-sector listed on the Indonesia Stock Exchange (IDX) is 14 companies.

This study used *purposive sampling method.* The sampling criteria in this study are (1) 4 samples of insurance sub-sector companies that have been listed on the Indonesia Stock Exchange (IDX) in the 2017-2020 period. (2) Inconsistent insurance sub-sector companies distributed dividends in the 2017-2020 period as many as 2 samples. (3) Insurance sub-sector companies on the IDX that have incomplete data related to research variables as many as 3 samples. So, the number of samples is 9 samples.

3.3 Data Collection and Data Sources

In this study using secondary data sources, data collection in this study in the following ways: (1) Documentation on this data collection was taken from the official *website* of the insurance sub-sector company and also from the

Indonesia Stock Exchange website in the 2015-2019 period. (2) Literature Study is a technique used to collect data carried out by reading from books, journals, literature and so on that are in accordance with the problem being studied.

3.4 Data Analysis Techniques

The data processing technique in this study used Microsoft Excel 2019 and SPSS 25. Researchers used the t-Test in analyzing the data. The t-test serves to show how far the influence of one independent variable has an effect on the dependent variable.

H0 = has no significant influence
Ha= has a significant influence
The partial test criteria have the following:
a. If the probability value < (0.05), then H0 is rejected and Ha is accepted, so that partially the independent variable has a significant effect on the dependent variable
b. If the probability value > (0.05), then H0 is accepted and Ha is rejected, so partially the independent variable has no significant effect on the dependent variable

Below are the criteria for the hypothesis for partial testing, as follows:
H0: $\beta1 \geq 0$, meaning that managerial ownership does not have a negative influence on dividend policy
Ha: $\beta1 < 0$, meaning that managerial ownership has a negative influence on dividend policy
H0: $\beta2 \geq 0$, meaning that institutional ownership has no negative influence on dividend policy
Ha: $\beta2 < 0$, meaning that institutional ownership has a negative influence on dividend policy
H0: $\beta3 \leq 0$, meaning that *sales growth* does not have a positive influence on dividend policy
Ha: $\beta3 > 0$, meaning that *sales growth* has a positive influence on dividend policy.
H0: $\beta4 \geq 0$, meaning that liquidity does not have a negative influence on dividend policy
Ha: $\beta4 < 0$, meaning that audit liquidity has a negative influence on dividend policy

5. Results and Discussion

Researchers conducted a t-test to determine the influence of free variables which include: managerial ownership variables (X1), institutional ownership (X2), company growth (X3), and liquidity (X4) on dividends (Y). For that is presented the results of the t test, in this case it can be seen on Table 1 below.

Table 1 T test results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			**Collinearity Statistics**	
		B	Std. Error	Beta	T	**Sig.**	**Tolerance**	**VIF**
1	(Constant)	.690	.560		1.231	**.230**		
	Managerial Leadership	3.055	1.471	.530	2.077	**.048**	**.301**	**3.325**
	Institutional leadership	1.089	.358	.712	3.044	**.005**	**.359**	**2.787**
	Company Growth	-.080	.308	-.046	-.261	**.796**	**.635**	**1.575**
	Liquidity	-.017	.008	-.346	-2.002	**.056**	**.655**	**1.528**

Dependent Variable: DEVIDEN

5.1 Effect of Company Ownership Structure on Dividend Policy

5.1.1 The effect of managerial ownership on dividend policy

Based on the results of the calculation of the managerial ownership variable, the value of the t test is = 2.077 and sig. =0.048 or sig value = 0.0408 < 0.05, so from the results it shows that Ha was accepted and Ho was rejected. This means that managerial ownership has a significant effect on dividends.

Managerial ownership has a positive and significant effect in this study supported by research from (Purwaningsih et al., 2021) and (Rachmad et al., 2013). This positive influence shows that companies with a larger number of managerial holdings, the greater the dividends that will be distributed to investors. Because the managers will further improve the company's performance in order to get a large return on the company's investment held by the managers. This can provide good information for the company and for investors because the company is in good condition.

Namun penelitian ini tidak sejalan dengan penelitian yang dilakukan oleh (Cahyono et al., 2021) dan (Dewi Rahayu, 2019) yang menyatakan bahwa kepemilikan manajerial berpengaruh negatif signifikan terhadap kebijakan dividen.

5.1.2 The effect of institutional ownership on dividend policy

Based on the results of the calculation of institutional ownership variables the value of t = 3.044 and sig. =0.005 or sig value = 0.005 < 0.05, so from the results it shows that Ha was accepted and Ho was rejected. This means that institutional ownership has a positive and significant effect on dividends.

The results of this study have a positive and significant effect supported by research from (Dewi Rahayu, 2019) and (Mentari Indasari Pakekong et al., 2017) which states that institutional ownership has a positive and significant effect on dividend policy, so that companies will tend to be high in distributing dividends to investors because the company has responsibility to other institutions that buy the company's shares, this is in accordance with *the signaling theory* which states that managers have an obligation to give signals about the condition of the company to the owners of the company. The theory also explains that dividends in the form of cash given to investors are a positive signal for shareholders. This can provide good information to investors, so it can be said that institutional ownership affects the company's dividend policy.

However, this study is different from the research conducted by (Anam et al., n.d.) and (Febrianti et al., 2020) which states that institutional ownership has no effect on dividend policy.

5.2 The effect of the company's growth on dividend policy

Based on the calculation that the company's growth variable value t = -0.261 and sig. =0.796 or sig value = 0.796 > 0.05, so from the results it shows that Ha was rejected and Ho was accepted. This means that the growth of the company has a negative and insignificant effect on dividend policy.

The company's growth did not have a significant effect on dividend policy in accordance with research conducted by (Wahyuliza et al., 2019) and (Puspitasari et al., 2020). The growth of the company does not affect the company in distributing its dividends. This can be caused if the company's assets are getting bigger, the greater the burden borne by the company and the company will also invest in assets. The company will prefer to make retained earnings to pay costs on assets and also to pay for company investments that will be useful for the future so that the possibility of distributing dividends is smaller. This makes the company's growth have no effect on the company's dividend policy. However, the research is not in line with research conducted by (Wahjudi, 2018) and (Anggraini et al., 2015) which states that company growth has a negative and significant effect on dividend policy..

5.3 The effect of liquidity on dividend policy

Based on the calculation of the liquidity variable the value of t = -2.022 and sig. =0.056 or sig value = 0.056 > 0.05, so from the results it shows that Ha was rejected and Ho was accepted. This means that liquidity has a negative and insignificant effect on dividend policy.

The negative influence was not significant in this study supported by research from (Edi Wijayanto, 2018) and (Kusumaningrum, 2018). This negative and insignificant influence on liquidity variables illustrates that companies that tend to have high liquidity ratios will tend to be smaller in dividing their dividends because the company is unable to manage finances properly in paying its obligations and lack of efficiency in managing the company's capital so that it will cause the company to have obligations that must be borne. Companies will prefer to focus on their short-term obligations rather than having to pay dividends to investors. However, this research is not in accordance with research conducted by (Wahjudi, 2018) which states that liquidity has a significant negative effect on dividend policy.(Figure 2)

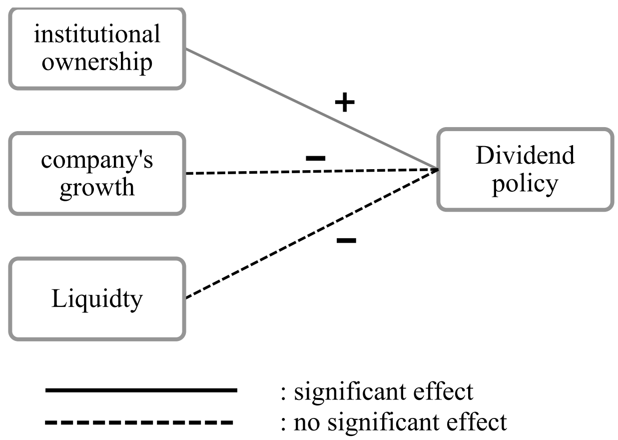

Figure 2 The results of the analysis of the influence of factors of ownership structure, growth, and liquidity of the company on dividend policy

6. Conclusion

This study was conducted to determine and prove the influence of managerial ownership variables, institutional ownership, company size, company growth, liquidity and *leverage* on dividend policies in insurance sub-sector companies listed on the IDX for the period 2017 to 2020. Based on the results of the tests above that have been carried out by researchers, the following conclusions were obtained:

First, the ownership structure of both managerial ownership variables and fundamental ownership has a positive and significant effect on dividend policy. This is in accordance with the framework of thought in the first and second hypotheses which states that manajerial policy has a significant positive effect on dividend policy so that it can be proven and accepted in this study.

Second, the company's growth variables have a negative and insignificant effect on dividend policy. This is inconsistent with the thinking framework in the fourth hypothesis which states that company growth has a significant negative effect on dividend policy so it is not proven in this study. This proves that the high or low growth of the company does not have a significant influence on dividend policy.
Third, liquidity variables have a negative and insignificant effect on dividends. This is inconsistent with the thinking framework in the fifth hypothesis which states that liquidity has a significant negative effect on dividend policy so it is not proven in this study. This proves that high or low liquidity does not have a significant influence on dividend policy.

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Blibiography

Ringkin Febbyta Sudjado , 22 years old, is still an active student at Telkom University's final year. To contact can use the email ringkinfebbyta@student.telkomuniversity.ac.id

Farida Titik is a lecturer at the Faculty of Economics and Business Telkom University and also serves as Deputy Dean for Finance, Resources, and Student Affairs. To contact can use the email faridatk@telkomuniversity.ac.id