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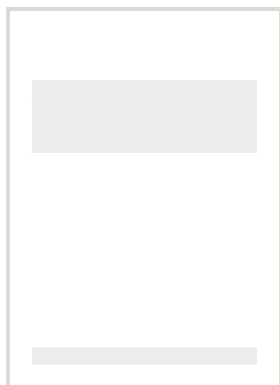
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The Relationship between Family Ownership, CEO Demographic Characteristics and Dividend Policy: Evidence from Indonesia

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Abstract

The objective of this study is to examine the effect of family ownership and family CEO on the dividend policy of family firms by using the demographic characteristics of the CEO as a moderator. Dividend policy is a decision taken by the firm in determining whether the profits earned by the firm will be distributed to shareholders in the form of dividends or will be reinvested in the company as retained earnings for future internal resources. Using samples from non-financial family firms listed on the Indonesian Stock Exchange in 2013-2017, 93 firms were selected based on adequate data. We also used logit regressions to provide robustness. The results show that family ownership and family CEO have a positive effect on the dividend payout ratio. This finding supports the family income hypothesis. Among CEO demographic characters, CEO age significantly strengthens the positive effect of family CEO on dividend payout ratio. While CEO tenure does not significantly strengthen the positive effect of family CEOs on dividend payout ratios. Meanwhile, leverage, ROA, and firm size significantly affect the dividend payout ratio, but firm age does not significantly affect the dividend payout ratio.

Keywords: Family Ownership, CEO, CEO Demographic Characteristics, Dividend Policy

JEL Classification Code: G32, G35, L60

1. Introduction

According to a survey conducted by PriceWaterhouseCoopers (PwC) in 2014, 60 percent of listed firms in Southeast Asia are family firms, with Indonesia owning 95 percent of family firms contributing more than 25 percent of national GDP (Suprianto et al., 2019). This indicates that the majority of public firms in Indonesia have ownership structures that are concentrated on the family. In general, Indonesia's economic growth improved in 2018, reaching 5.17 percent, up from 5.02 percent and 5.07 percent in 2016 and 2017 (Suprianto et al., 2019). Indonesia's economic growth in 2018 was mostly driven by four key industries. Among those four, the manufacturing industry was the most consistent, with growth that remained consistent year after year (Setiawan & Vivien, 2021). Family firms are the most common type of organization worldwide (Hennart et al., 2019; Dabellis et al., 2021), generating more than 70 percent of global GDP each year. They dominate globally, representing more than a third of S&P 500 companies in the US, more than 90% of European companies, and significantly contribute to economic growth in Asia, Latin America, and Africa (Eddleston et al., 2008; Dabellis et al., 2021).

PricewaterhouseCoopers Family Business Survey Indonesia reports that in 2018, 44% of family companies had one dominant owner, 22% had relatives who also owned the company, and an estimated 10% of shareholdings circulated among relatives. The concentration of family ownership, which is dominated by the manufacturing industry, is 22%. From 2016 to 2018, family businesses in Indonesia experienced an increase in income, from 42% in 2016 to 65% in 2018. Family firms are generally owned, managed, and controlled by the family. This type of company has a strong family culture, which is reflected in all of its policies, including financial ones (Wooldridge, 2015). Family businesses frequently have family members on the management team and exercise control (González et al., 2014). According to Chu (2011), one of the features of a family business is family members' involvement in the firm, such as family members on the board of directors, who can actively influence company decisions. This situation may result in a type II agency conflict between majority and minority shareholders.

Dividend policy refers to the financial decisions made on whether to pay cash dividends now or pay a higher dividend later. It's significant since it specifies the amount, method, type, and frequency of dividend payments (Setiawan & Vivien, 2021). On the other hand, dividend policy and dividend payout ratio can be used to reduce agency cost, which is the cost of resolving agency conflict. The dividend payout ratio shows the ratio of net income distributed to shareholders and those retained as internal firm funding. Dividends are the return on shares owned by investors, while capital gains are the difference between the buying price and the selling price of the shares. Investors value dividends more than capital

gains, especially those relatively stable because they reduce income uncertainty for investors. In Indonesia, family firms tend to exert a strong influence in determining dividend distribution policies (Lace et al., 2013; Huang et al., 2012) and expropriate corporate assets by preferring to form retained earnings rather than dividends (Chen & Young, 2010). Setia-Atmaja (2010) and Mulyani et al. (2016) found that the dividends distributed by family firms tend to be smaller than firms with other ownership structures.

Previous studies which examined the effect of family ownership on the dividend payout ratio had different conclusions. Setia-Atmaja (2010), Benjamin et al. (2016), as well as Isakov and Weisskopf (2015) found a positive effect of family ownership on dividends received by shareholders. Meanwhile, Deslandes et al. (2016), Djebali and Belanes (2015), and Mulyani et al. (2016) found the opposite result that family ownership has a negative effect on the dividend payout ratio. Briano-Turrent et al. (2020) expanded the model to include the Chief Executive Officer (CEO) and discovered that CEOs who are related to the firm's shareholders had a detrimental impact on the firm's dividend policy.

CEOs are generally considered the most important and strongest organizational actors (Minichilli et al., 2010). Cannella and Holcomb (2005) stated that the characteristics of the group are relatively less important than the characteristics of the leader. Meanwhile, Hambrick and Mason (1984), using upper echelons theory, claimed that specific managerial demographics such as age, gender, education, functional background, and years of service in the office may predict the organization's results. As a result, business performance and policies are influenced by the CEOs' demographic traits. Unlike earlier research in Indonesia (Mulyani et al., 2016; Setiawan et al., 2016; Setia-Atmaja, 2010), this study investigates the dividend policy of family enterprises by incorporating a management approach in the form of family CEOs' presence and demographic factors.

2. Literature Review and Hypothesis Development

2.1. Family Firms

In nine Asian countries, the ownership structure of public firms is concentrated, with 54 percent of them held by families or family groupings (Claessens et al., 2000). According to Pukthuanthong et al. (2013), a company is a family firm if the largest shares are held by the family of the company's founder, either individually or collectively, being more than 20%, or can be owned by the family CEO and/or chairman. The board comprises members of the founding family. In a family firm, the family can act as a controlling shareholder. This shows that the shares invested by the family are quite large so that they can influence the policies taken by the firm, such as dividend policy. With the large number of shares owned by the firm, the family can decide policies that only benefit the family and harm the minority shareholders. The findings of Moh'd et al. (1995) showed that when insiders owned a higher percentage, this resulted in low dividend payments.

The difference in interests between the family as the majority shareholder and the minority shareholder is known as the agency problem type II. There are two types of agency conflict related to the ownership structure. The first agency conflict describes the agency conflict between owner and management, referred to as agency problem I (Jensen & Meckling, 1976). The second agency conflict arises when majority shareholders work in their own best interests and take over minority shareholders to maximize their utility (Pukthuanthong et al., 2013). This conflict is often referred to as agency problem II (Jensen & Meckling, 1976). In general, family businesses are less prone to agency problem I since family members are involved in the firm's management and have access to information, resulting in their

interests being aligned with those of the firm's managers (Dwaikat et al., 2021). Family businesses are especially vulnerable to the agency problems II between majority and minority shareholders, in which dominant shareholders from families might use their power to benefit themselves at the expense of minority shareholders (Claessens et al., 2000; Morck et al., 2005; Miller et al., 2014; Briano-Turrent et al., 2020).

2.2. Family Ownership

Ding and Pukthuanthong (2013) classified a firm as a family firm if 20 percent or more of the total shares are owned by family members individually or in groups. Family shareholders as founders generally hold the majority shares of the company and have control rights to control company policies. Majority shareholders with their substantial control often act in the interests of the majority shareholders rather than the shareholders as a whole, thus harming the interests of minority shareholders especially in the long term (Young et al., 2008). Faccio et al. (2001) showed that without proper supervision and control, the family can carry out expropriation actions where shareholders (especially members of the founding family) tend to take over the wealth of minority shareholders. Dividend policy can be a form of abuse of the majority shareholder's power over the company's income (Pindabo et al., 2012). A high dividend payout ratio could be viewed as a type of tunneling for the majority shareholder, as it avoids an agency conflict between the majority and minority shareholders.

Through high dividends, the company's cash flow transfers to family shareholders who are the majority and are considered positively by minority shareholders. High dividends benefit shareholders in the near term, but they will burden the company in the long run because the company's investment capital will be financed by debt. Minority shareholders who lack appropriate knowledge and information about the company's strategic policies are often unaware of this situation. According to the family income hypothesis, the amount of wealth invested by the family in the firm causes the family to desire a sufficiently large return on dividend-paying shares to meet their needs (Issakov & Weisskopf, 2015). A dividend payment policy can be used as a mechanism to achieve this goal. This is consistent with Benjamin et al. (2016), who found that family ownership had a significant impact on dividend policy. Furthermore, by paying higher dividends, the company can gain a good reputation among minority shareholders. As a result, there will be unity because minority stockholders will not feel disadvantaged by the majority.

H₁: Family ownership has a positive effect on dividend policy.

2.2. Family CEO

A distinguishing characteristic of family firms is the deep involvement of their owner-managers in operations (James, 1999). Family firms generally involve their family members in their management to reduce the risk of non-family conflicts of interest (La Porta et al., 2000). Jensen and Meckling (1976) stated that the concentration of ownership and involvement of family members in top management such as CEOs in family firms can reduce agency problems. Based on agency theory, a firm run by family executives will benefit from lower agency costs because there is an alignment of interests and reduced information asymmetry that occurs between owners and managers (Chrisman et al., 2004; Gomez-Mejia et al., 2001; Jensen & Meckling, 1976; Miller et al., 2013, 2006). A dividend distribution policy, according to Dwaikat et al. (2021), could be used to resolve agency conflicts. This occurs because the

owner and management are family members who want to ensure that the family business they run is well-protected.

Minority shareholders, on the other hand, may suffer as a result of controlling shareholders abusing substantial control to act in the best interests of their families and shareholders as a whole (Young et al., 2008). Dividend policy is one type of control. Corporate shareholders can benefit from having influence over high earnings. High dividends serve as a cover for transferring the company's cash flows to the controlling shareholders. The use of such resources is not in the best interests of shareholders, but this is usually compensated by the high dividend payout ratio, which is viewed favorably by non-family shareholders. The company's high payouts are also related to the company's reputation within the family. Companies pay dividends to gain a good reputation to obtain funds from the capital market, according to La Porta et al. (2000), and one way to retain this good reputation is to pay dividends. Then the second hypothesis in this study is:

H₂: Family CEO has a positive effect on dividend policy.

2.3. Demographic Characteristics of Family CEO

Executive managers make strategic decisions that are crucial for the firm's survival (Ghardallou et al., 2020). The family can greatly influence the firm by placing one of its members in the position of CEO (Anderson et al., 2003). The central role of the CEO as an intermediary for shareholders and management can certainly be influenced by those who control the firm making the CEO's personal traits an important factor to consider in dividend policy. Through the upper echelons theory, Hambrick and Mason (1984) showed that organizational outcomes can be predicted by certain managerial demographics such as age, gender, education, functional background, and tenure in the office. Based on research conducted by Cannella and Holcomb (2005), the group's characteristics are relatively less important than the characteristics of its leader, namely the CEO. This is especially true for family-controlled firms, where family CEOs exert a strong leadership influence on decisions and outcomes within a firm.

Hambrick and Mason (1984) proposed the upper echelon theory, which claims that a leader's strategy reflects his cognitive values, which can be influenced by managerial factors such as age, experience, education, and background. The leader can assess and understand the problem and identify the capabilities possessed to overcome the problem and how the situation can be controlled based on social, economic, and group aspects.

The moderating role of the director's age is based on the belief that older directors are psychologically more secure and favor internal business funding over external funding as a form of risk aversion (Hambrick & Mason, 1984). The term of office of the director is also influential because the longer a director serves in a firm, the higher the capability and experience of the director, and the higher his understanding and analysis of the firm's internal capabilities (Briano-Turrent et al., 2020). The third hypothesis of this study is:

H₃: Demographic characteristics of Family CEO have moderator effects on dividend policy.

3. Research Methods and Materials

Using quantitative approach with pooled ordinary least square (OLS) regression model and logit regression as robustness. The population in this study are firms listed on the Indonesia Stock Exchange

(IDX) in 2013–2017. The sample was determined using a purposive sampling method under the following criteria: first, the sample firms are family firms included in the non-financial sector listed on the Indonesia Stock Exchange in the 2013-2017 period. The financial sector annual reports follow a distinguished reporting standard, therefore, we do not consider such firms. Second, family firms are identified with the largest shareholder who holds a minimum of 20 percent of the total outstanding shares owned by individual families or in groups of family members, and if there is a CEO, board directors, or board of commissioners who are family members. Third, family firms must have positive net income in the 2013-2017 period as negative net income disturbs the dividend payments. And last, firms with financial statements ending on December 31 and using the Rupiah currency. Only 93 firms were fit to be analyzed, resulting in 355 total observations.

The main dependent variable is the dividend (identified as DPR). It is part of the firm's net profit, which is distributed to shareholders. In this study, the dividend was measured using dividend payout ratio, a firm's D/E ratio using its annual dividend per share (DPS) divided by its earnings per share (EPS) in a given year t . Dividend policy can be measured using the Dividend Payout Ratio (DPR), which measures the proportion of net profit after tax is paid as dividends to shareholders. The bigger the DPR means that lesser retained earnings are utilized for the firm's investment funding. The DPR can be calculated using the formula:

$$DPR_{it} = \frac{\text{Dividend per Share}}{\text{Earning per Share}} \quad (1)$$

The first independent variable is family ownership (identified as FOWN). Family ownership is the proportion of the number of shares owned by the family to the total number of shares outstanding. The second independent variable is the family CEO (identified as FCEO). A family CEO is a CEO who comes from the firm's founding members or CEOs who have family ties to the controlling family shareholders such as spouse, parents, children, or siblings known from the same last name, measured using a dummy variable with a value of 1 if the CEO is a family member and is 0 if the CEO is not a family member.

The moderating variable in this study consists of the age of the CEO (identified as CAGE), which describes the period from the CEO's birth to the year the observation was made. Then there is the CEO tenure (identified as CTEN) is the CEO's tenure in working or serving a firm. The term of office is calculated from the appointment as CEO until the year of observation.

The first control variable is leverage (identified as LEV). A depiction of a firm's debt utilization is used to finance the firm's operational activities. Total debt divided by total assets calculates this variable. The second control variable, return on assets (identified as ROA), is the firm's ability to profit after tax from operational activities using all firm-owned assets. The third control variable, firm age (identified as AGE), shows how long the firm has been operating since it was founded until the research was conducted. The fourth control variable, firm size (identified as SIZE), shows the size of a firm as measured by the natural logarithm of total assets. We start with a pooled ordinary least square (OLS) regression model to test Hypothesis 1 and Hypotheses 2, 3, and 4, respectively, with the model specified below.

$$DPR_{it} = \beta_0 + \beta_1 FOWN_{it} + \beta_2 LEV_{it} + \beta_3 ROA_{it} + \beta_4 AGE_{it} + \beta_5 SIZE_{it} + \varepsilon \quad (2)$$

$$DPR_{it} = \beta_0 + \beta_1 FCEO_{it} + \beta_2 CAGE_{it} + \beta_3 CTEN_{it} + \beta_4 FCEO_{it} * CAGE_{it} + \beta_5 FCEO_{it} * CTEN_{it} + \beta_6 LEV_{it} + \beta_7 ROA_{it} + \beta_8 AGE_{it} + \beta_9 SIZE_{it} + \varepsilon \quad (3)$$

Where:

- DPR = Dividend Payout Ratio
- FOWN = Family Ownership
- FCEO = Family CEO
- CAGE = Age of CEO
- CTEN = Tenure of CEO
- LEV = Leverage
- ROA = Return on assets
- AGE = Firm Age
- SIZE = Firm size

4. Results and Discussion

4.1. Descriptive Statistics

Table 1: Descriptive Statistics

Variables	Minimum	Maximum	Mean	Std. Deviation
DPR	0.0000	0.9976	0.2561	0.2298
FOWN	0.2108	0.9720	0.5973	0.1715
FCEO	0.0000	1.0000	0.6500	0.4770
CAGE	29.0000	80.000	55.6100	9.6830
CTEN	1.0000	46.000	14.7900	14.9270
LEV	0.0004	0.5606	0.1594	0.1168
ROA	0.0024	0.4110	0.0716	0.0527
AGE	5.0000	93.0000	34.2400	11.9900
SIZE	23.000	34.000	28.6300	1.6290

Table 1 presents the descriptive statistics of each variable used in this study. The DPR values between 0.00% and 99,76% indicate a high diversity of dividend policies. The FCEO average of 0.65 indicates that most firms have CEOs who come from families. The lowest family ownership was 21.08%, while the highest was 97.20%. Meanwhile, the average CEO age is 55 years, and the average length of tenure is 14 years. From the financial side of firms, the average leverage is 15.94%, and the profitability is relatively low, only 0.24%. The lowest age of the firm is five years, and the highest is 93 years, which shows a fairly high diversity, while the firm size is relatively more homogeneous. In all variables, the standard deviation value is lower than the average value. Thus, the data is clustered about the mean. To obtain unbiased estimation results, we performed a classic assumption test on the regression results. The largest value of variance inflation factor (VIF) is 1,619, proving no multicollinearity problem. The heteroscedasticity test and Breusch-Godfrey test also showed no heteroscedasticity and autocorrelation problems in the model. Thus the estimation results obtained are unbiased and reliable.

4.2. Pooled OLS Regression

Table 2 reports the regression results. The first column shows model 1, which shows that family ownership is positive and significant at the 0.1 level. This indicates that family ownership has a positive effect on the firm's dividend policy. When family ownership increases by 1 percent, the dividend payout ratio will increase by 0.11 percent. This shows that the greater the ownership of family shares in a firm, the higher the firm's dividends to shareholders. The agency theory view related to family ownership shows that the family as the controller has greater access and power to abuse firm value at the expense of

minority shareholders (Easterbrook, 1984; Shleifer & Vishny, 1997; Mulyani et al., 2016). In line with the family income hypothesis proposed by Isakov and Weisskopf (2015), the dividend policy can be used to meet the family's income needs in the company, where the company can generate higher dividend payments. This is due to the family's inability to sell shares to third parties to diversify their wealth and meet their financial needs. This is consistent with existing studies such as Setia-Atmaja et al. (2016), Yoshikawa and Rasheed (2010), Schmid et al. (2010), Sener and Selcuk (2019), Benjamin et al. (2016).

The second column shows that the presence of CEOs who came from controlling families is significant at 0.05 level. When a member of the family serves as CEO of a family business, the dividends paid out are larger. The findings of this study support the reputational hypothesis proposed by Isakov and Weisskopf (2015) In a more general situation, if family members are actively involved in the company as managers and on the board of directors, the company manager will provide enough dividends to satisfy minority shareholders. Families will get a reputation for paying out bigger dividends to minority shareholders and minimizing the usage of excess free cash flow. According to Setia-Atmaja (2016), family businesses pay higher dividends than non-family businesses, demonstrating that families do not use dividends to take over minority shareholders. La Porta et al. (2000) claimed that insiders pay higher dividends when they expect to issue shares in the future, which supports this reputation-building behavior.

Table 2: Regression Results

Variables	(1) DPR	(2) DPR
(Constant)	-0.828 (0.000)	-0.746 (0.000)
FOWN	0.115* (0.087)	
FCEO		-0.067** (0.010)
CAGE		-1.088 (0.994)
CTEN		-0.003*** (0.002)
FCEO*CAGE		0.035** (0.023)
FCEO*CTEN		-0.052 (0.154)
LEV	-0.457*** (0.000)	-0.436* (0.000)
ROA	0.605*** (0.007)	0.595*** (0.007)
AGE	0.001 (0.192)	0.002 (0.114)
SIZE	0.035*** (0.000)	0.034*** (0.000)
R-SQUARE	0.163	0.201

Standard errors in parentheses,***p<0.01, ** p<0.05, * p<0.1

Among the demographic variables used, the regression results show that CEO tenure is significant at 0.01 level, while CEO age does not significantly affect firm dividend policy. The negative coefficient on the CEO's tenure suggests that the longer the CEO's tenure in Indonesian family firms, the lower the dividend payments to shareholders will be. The second column regression result shows a positive and significant coefficient on the FCEO * CAGE variable among the interaction between family CEO and CEO demographic characteristics. This indicates that family firms with older family CEOs pay more dividends than younger family CEOs. According to studies by Mudrack (1989) and Peterson et al. (2001),

individuals will become more conservative and ethical as they age. According to the upper echelon theory, elderly CEOs are more conservative than younger CEOs due to lower physical and mental endurance, stronger psychological commitment to the organization's established order, and a preference for comfort in their professions (Hambrick & Mason, 1984). When family members are actively involved in the firm as managers or the board of directors, the firm can pay dividends in sufficient amounts to minority shareholders to keep them satisfied (Isakov & Weiskopf, 2015). This is consistent with the study of Briano-Turrent et al. (2020) in Latin America. However, the interaction variable between CEO family and CEO tenure (FCEO*CTEN) shows an insignificant effect.

Among the control variables, both models show consistent results. Firm size and return on assets have a positive and significant coefficient at 0.01 and 0.1 levels. These findings are consistent with existing research (Fama & French, 2001; Grullon et al., 2002; Subramaniam, 2018). Both models also show that firm age does not have a statistically significant effect on firm dividend policy, but leverage has a negative and significant coefficient at the 0.01 level. This is consistent with the findings of Subramaniam (2018) in Malaysia and Briano-Turrent et al. (2020) in Latin America. The firm will prioritize debt repayment, which will lead to reduced dividend payments.

4.3. Logit Regression

Table 3: Logit Regression Results

Variables	(1) DPR	(2) DPR
(Constant)	-12.297 (0.000)	-10.035 (0.000)
FOWN	1.748** (0.012)	
FCEO		0.511* (0.071)
CAGE		-0.023 (0.100)
CTEN		0.021** (0.022)
FCEO*CAGE		0.275* (0.095)
FCEO*CTEN		-0.169 (0.707)
LEV	-3.662*** (0.002)	-4.078*** (0.001)
ROA	3.903* (0,079)	4.405* (0.051)
AGE	0.016 (0.106)	0.025 (0.120)
SIZE	0.374*** (0.000)	0.365*** (0.000)

Standard errors in parentheses,***p<0.01, ** p<0.05, * p<0.1

We conduct logit regression to provide additional evidence that family ownership and family CEO positively affect dividend payments (Table 3). In addition, we do this as a robustness test of the model used in this study. Thus, the model we use for logit regression is similar to Pooled OLS regression Eq. (1) and (2). We only change the dependent variable into a dummy variable, with a value of 1 if the firm's dividend payout ratio is higher than the average dividend payout ratio for all observations and 0 for the others. The average value used is the average dividend payout ratio from all observations. Family firms in 2013-2017 had an average dividend payout ratio of 24,98 percent.

$$High\ Dividend_{it} = \beta_0 + \beta_1 FOWN_{it} + \beta_2 LEV_{it} + \beta_3 ROA_{it} + \beta_4 AGE_{it} + \beta_5 SIZE_{it} + \varepsilon \quad (4)$$

$$High\ Dividend_{it} = \beta_0 + \beta_1 FCEO_{it} + \beta_2 CAGE_{it} + \beta_3 CTEN_{it} + \beta_4 FCEO_{it} * CAGE_{it} + \beta_5 FCEO_{it} * CTEN_{it} + \beta_6 LEV_{it} + \beta_7 ROA_{it} + \beta_8 AGE_{it} + \beta_9 SIZE_{it} + \varepsilon \quad (5)$$

Table 3 reports the logit regression results. Both models show the same results as the pooled OLS regression results reported in Table 2. The first column shows that family ownership is positively related to high dividend payouts in family firms. The family CEO is positively related to the dividend payout ratio in the second column and is significant at the 0.1 level. In the demographic variable of CEO, CEO tenure has a positive and significant relationship with high dividends, while the age of CEO is not significantly related. As an interaction variable, the interaction between CEO family and CEO age yields a positive and significant coefficient. This demonstrates that the CEO's age improves the positive relationship between family CEOs and high dividends in Indonesian family businesses.

The results of this logit regression also show consistent results for the control variables. Leverage has a negative and significant relationship with high dividends. In contrast, firm size and return on assets have a positive and significant relationship with high dividend payments, but firm age is not significantly related. All control variables were significant at either 0.01 or 0.1 levels.

5. Conclusion

This study aims to determine the effect of family ownership and CEO family on dividend policy in family firms and the moderating effect of demographic characteristics of these CEOs. The data used is family firms included in the non-financial sector listed on the Indonesia Stock Exchange in the 2013-2017 period. The study results found that family CEO and family ownership have a positive effect on dividend policy. Family companies that are owned, managed and controlled by members of a family as the majority shareholder, are more likely to expropriate minority shareholders. Expropriation against shareholder ownership can be carried out by combining overlapping ownership structures with decision-making authority through usage. The family as the control holder has a great opportunity to utilize company resources for their own benefit. Dividend distribution with a high ratio is the method of expropriation chosen by the family. By setting a high dividend payout ratio, majority shareholders can also reduce agency conflicts with minority shareholders.

We also conclude that CEO age as a moderating variable strengthens the positive influence of family CEO on dividend policy. This means that older family CEOs tend to pay higher dividends. Older age indicates a person's moral and ethical maturity, causing older family CEOs to tend to avoid expropriation of minority shareholders and pay higher dividends. We found no evidence that CEO tenure had a moderating effect on the positive influence of family CEOs on dividend policy. We believe the family's position as the firm's controller to be too strong, thus the family's CEO's tenure will not be a factor in setting the firm's financial policy, particularly in terms of dividend policy.

Meanwhile, leverage as a control variable has a significant negative effect on the dividend payout ratio. The logical reason is that the firm will prioritize paying off debt compared to distributing dividends. Due to the extensive use of debt by family firms, the majority of net income generated will be used to pay fixed expenses such as interest to creditors. This is what leads to a reduction in the amount of dividends distributed to shareholders. Firm size has a positive and significant effect on the dividend payout ratio. Funds from the capital market can be used to meet the demands of companies that have specified fund requirements. When a company's profitability, as measured by return on assets, is high, it

can afford to pay bigger dividends. Furthermore, this research finds that the age of a company has a positive correlation with dividend payouts.

Future studies can examine other demographic characteristics of the CEO that may have an impact on the dividend policy of family firms. In addition, this study only focuses on family firms. Future studies can test the same thing on government companies, private companies, foreign companies or test it as a whole.

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