VOLUME 15, NOMOR 1, FEBRUARI 2021

P-ISSN 1978-2853 E-ISSN 2302-8890

MATRIK : JURNAL MANAJEMEN, STRATEGI BISNIS DAN KEWIRAUSAHAAN

Terakreditasi SINTA Peringkat 2 SK: 148/M/KPT/2020

MATRIK

Diterbitkan oleh: Universitas Udayana

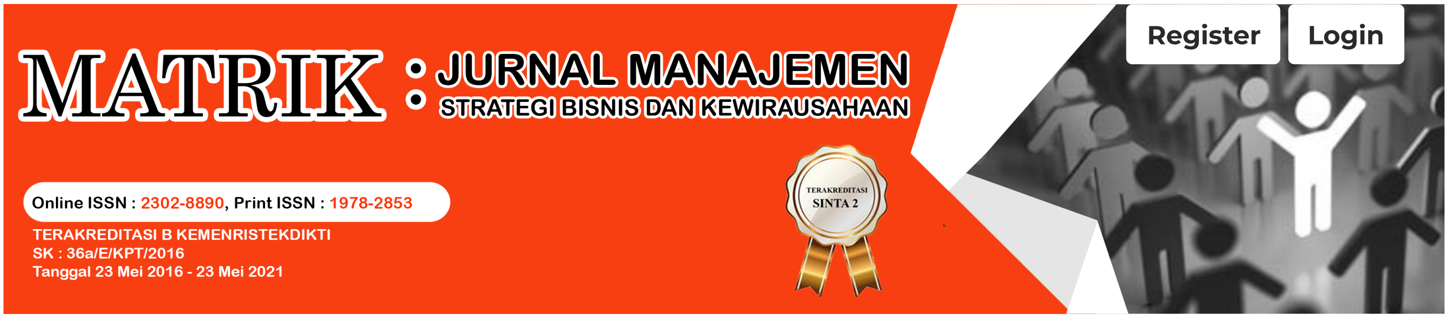
MATRIK : JURNAL MANAJEMEN, STRATEGI BISNIS DAN KEWIRAUSAHAAN	Volume	Nomor	Halaman	Denpasar	ISSN
	15	1	128-307	Februari 2021	1978-2853

MATRIK : JURNAL MANAJEMEN, STRATEGI BISNIS DAN KEWIRAUSAHAAN

Diterbitkan sejak 2007 oleh Universitas Udayana

ALAMAT REDAKSI

Gedung BJ Lt. III, Fakultas Ekonomi dan Bisnis Universitas Udayana
Jl. PB Sudirman, Denpasar
Telp. 0361-224133, Faks. 0361-241929
e-mail: matrik.fe@unud.ac.id
Petunjuk penulisan artikel terdapat pada bagian dalam sampul belakang



HOME ANNOUNCEMENTS CURRENT ARCHIVES ABOUT

Search

HOME / Editorial Team

Editor-In-Chief:

I Made Surya Negara Sudirman, Faculty of Economics and Business, Udayana University, Bali, Indonesia
[Google Scholar] [Orcid ID] [SINTA ID] [Portal Garuda]

Managing Editor:

- I Gede Nandya Oktora P, Faculty of Economics and Business, Udayana University, Bali, Indonesia
  [Google Scholar] [Portal Garuda]
- Ni Putu Ayu Darmayanti, Faculty of Economics and Business, Udayana University, Bali, Indonesia
  [Google Scholar] [SINTA ID] [Portal Garuda]

Editorial Board:

- Evan Lau, Faculty of Economics and Business, Universiti Malaysia Sarawak, Malaysia
  [Scopus ID] [Google Scholar] [Orcid ID]
- Ardi Gunardi, Departement of Management, Faculty of Economics and Business, Universitas Pasundan Bandung.
  [Scopus ID] [Google Scholar] [Orcid ID] [SINTA ID] [Portal Garuda]
- Manorajan Sahoo, School of Humanities Kalinga Institute of Industrial Technology (KIIT) Deemed to be University Bhubaneswar, India
  [Scopus ID] [Google Scholar] [Orcid ID]
- Ni Nyoman Kerti Yasa, Faculty of Economics and Business, Universitas Udayana, Bali, Indonesia
  [Scopus ID] [Google Scholar] [Orcid ID] [SINTA ID] [Portal Garuda]

Mungkin gambar teks yang menyatakan 'SERTIFIKAT Kementerian Riset dan Teknologi/ Badan Riset dan lnovasi Nasional RISTEK-BRIN Petikan dari Keputusan Menteri Riset dan Teknologi/ Kepala Badan Riset dan lnovasi Nasional Nomor 148/M/KPT/2020 Peringkat Akreditasi Jurnal Ilmiah Periode Tahun Nama Jurnal Ilmiah MATRIK: JURNAL MANAJEMEN, STRATEGI BISNIS DAN KEWIRAUSAHAAN E-ISSN: 23028890 Penerbit: Universitas Udayana Volume Nomor Ditetapkan sebagai Jurnal Ilmiah TERAKREDITASI PERINGKAT2 Akreditasi Berlaku selama (lima) Tahun, yaitu Tahun 2020 sampai Volume Nomor Tahun 2024 Jakarta, 03 Agustus 2020 Menteri Risel dan Teknologi/ dan lnovasi Republik Indonesia,'

MAKE A SUBMISSION

BROWSE

SEARCH BY AUTHOR

SEARCH BY ISSUE

ABOUT JOURNAL

MANAGED BY

Mungkin gambar teks yang menyatakan 'FPJM FORUMPENGELOLA JURNAL MANAJEMEN'

INDEXED BY

Mungkin gambar teks

TOOLS

MENDELEY

turnitin®

VISITOR STATISTIK

ADDRESS

ATOM 1.0

RSS 2.0

RSS 1.0

Matrik: Jurnal Manajemen, Strategi Bisnis dan Kewirausahaan (p-ISSN 1978-2853, e-ISSN 2302-8890)
Journal Room, BJ Building 3rd Floor, Faculty of Economics and Business, Udayana University
Managed by Udayana University
Jln. P. B. Sudirman Denpasar, Bali, Indonesia
Post code: 80234 Phone: +62 821 4445 7694
E-mail: matrik.fe@unud.ac.id
Facebook: Matrik Jmbk
Instagram: @matrikjmbk
Published by Faculty of Economics and Business Udayana University

Journal Profile

Matrik: Jurnal Manajemen, Strategi Bisnis, dan Kewirausahaan

eISSN : 23028890 | pISSN :

Economy

Universitas Udayana

S2
Sinta Score

Indexed by GARUDA

15
H-Index

14
H5-Index

1484
Citations

1341
5 Year Citations

Penerbit:

Jurusan Manajemen, Fakultas Ekonomi, Universitas Udayana

Website | Editor URL

Address:

RUANG JURNAL ILMIAH, JALAN PB SUDIRMAN DENPASAR, BALI
Denpasar

Email:

Phone:

81237683083

P-ISSN: 1978-2853
E-ISSN: 2302-8890

MATRIK: JURNAL MANAJEMEN, STRATEGI BISNIS DAN KEWIRAUSAHAAN

Homepage: https://ojs.unud.ac.id/index.php/jmbk/index

Vol. 15 No. 1, Februari (2021), 75-85

SINTA 2

The Role of Family Involvement in Moderating the Relationship Between Company Characteristics and Dividend Policy in Indonesia

Muhammad Madyan[1)], Nugroho Sasikirono[2)], Wida Kusmayana[3)], Harlina Meidiaswati[4)]
[1,2,3)]Universitas Airlangga
[4)]Universitas Hayam Wuruk Perbanas Surabaya
email: harlina_m@yahoo.com

DOI : *https://doi.org/10.24843/MATRIK:JMBK.2021.v15.i01.p07*

ABSTRACT

This study seeks out the relationship between the characteristics of companies and dividend policy, as well as the role of family involvement as a moderator of such relationships. This study utilized a purposive sampling method. We conducted the analysis by multiple linear regression and moderated regression analysis. The number of samples in this study is 192 observations in non-financial companies listed on the LQ45 index. The Result shows that profitability, size, and investment opportunities have positive effects on dividend payout ratio. Meanwhile, financial leverage has a negative relationship with the dividend payout ratio. Family involvement weakens the positive influence of profitability on dividend policy but strengthens the positive effect of investment opportunities. Family involvement does not moderate the effect of size, and financial leverage on dividend policy.

Keywords: family involvement, dividend policy, profitability, size, investment opportunities, financial leverage

Peran Keterlibatan Keluarga dalam Moderasi Hubungan Antara Karakteristik Perusahaan dan Kebijakan Dividen di Indonesia

ABSTRAK

Penelitian ini mencari hubungan antara karakteristik perusahaan dan kebijakan dividen, serta peran keterlibatan keluarga sebagai moderator hubungan tersebut. Penelitian ini menggunakan metode purposive sampling. Kami melakukan analisis dengan regresi linier berganda dan analisis regresi moderator. Jumlah sampel dalam penelitian ini adalah 192 observasi pada perusahaan non keuangan yang terdaftar pada indeks LQ45. Hasil penelitian menunjukkan bahwa profitabilitas, ukuran, dan peluang investasi berpengaruh positif terhadap dividend payout ratio. Sedangkan financial leverage memiliki hubungan negatif dengan dividend payout ratio. Keterlibatan keluarga melemahkan pengaruh positif profitabilitas terhadap kebijakan dividen tetapi memperkuat pengaruh positif peluang investasi. Keterlibatan keluarga tidak memoderasi pengaruh ukuran, dan leverage keuangan pada kebijakan dividen.

Kata kunci: *keterlibatan keluarga, kebijakan dividen, profitabilitas, ukuran, peluang investasi, financial leverage*

INTRODUCTION

Dividend policy involves two interested parties i.e. shareholders and company management. Any change in dividend policy will have two opposite effects. If the shareholders decide to use profits to be reinvested in order to increase company growth, the dividends distributed will be smaller and vice versa. Companies need an appropriate dividend policy to regulate the balance between growth and distribution of income to shareholders.

The size of the dividends paid depends on the characteristics of each company. According to Lasher (2003) the company's characteristics are the specific or specific nature of a company that distinguishes it from other companies. The company's characteristics in this study consisted of profitability, size, investment opportunity, and financial leverage. Yudiana & Yadnyana (2016) state that, in Indonesia, profitability has a positive effect on dividend policy. Research by Kania & Bacon (2005) in the United States find a different result, which is, profitability negatively affects dividend policy. Companies in America are more likely to hold profits, on the other way investors prefer capital gains over dividends.

The size of a company can be measured using the total value of assets owned. Weston & Coepeland (2010) argue that there is a positive relationship between size and dividend policy, namely the larger the size of the company, the greater the dividend distributed. Different research results are shown by Murhadi (2012) in Indonesia where company size has a negative effect on dividend policy, while Deni, Aisjah, & Djazuli (2016) find that company size do not influence dividend policy.

The company's dividend policy is also influenced by the investment opportunity. According to Smith & Watts (1992) in the USA investment opportunity has a negative influence on dividend policy, the greater the investment opportunity of the company, the smaller the dividends paid. This result contradicts with Setiawan & Phua (2013) who state that investment opportunities have a positive influence on dividend policy.

Financial leverage is the use of debt funds which incurs fixed costs in the form of interest. High financial leverage will encourage lower dividend payments because of the need to pay interest. Research conducted by Lopolusi (2013), states that leverage has a negative effect on dividend policy, while research conducted by Deitiana (2013) in Indonesia states that leverage has a positive effect on dividend policy. Brigham & Houston (2014), state that large financial leverage can increase high financial risk. Companies with high levels of risk cause difficulties in finding debt. This results in the company relying on retained earnings.

The dividend policies set by a company can also be influenced by family involvement in the company. According to Bertrand & Schoar (2006), family businesses are characterized by concentrated ownership, control, and the presence of one or several family members who occupy executive positions, both as commissioners and directors. Research conducted by Setia-Atmaja (2009) in Australia, Yoshikawa & Rasheed (2010) in Japan, Pindado, Requejo, & de la Torre (2012) in nine countries in the Eurozone region, and Schmid, Ampenberger, Kaserer, & Achleitner (2012) in Germany found that family involvement within a company has a positive impact on higher dividend payout ratios. Nevertheless, the study of Attig, Boubakri, El Ghoul, & Guedhami (2016) in nine East Asian countries found that higher family involvement resulted in lower dividend payments. The inconsistency of the results of previous studies motivates this research on the effects of company characteristics on dividend policy, as well as the moderating role of the family involvement in those relationships.

THEORETICAL BACKGROUND AND HYPOTHESIS

Dividend Policy

According to Weston & Coepeland (2010), dividend policy relates to the decision to distribute net income to shareholders or hold it back to be reinvested into the company in the form of retained earnings. This policy regulates the percentage of profit distributed as dividends and retained earnings as a source of corporate internal financing. The greater the profits distributed as dividends, the smaller the profits that are reinvested to increase the company's capital.

The dividend payout ratio is one of the company's dividend policy indicators. According to Sudana (2015), dividend payout ratio is the ratio of net income paid to shareholders in the form of dividends. This ratio states the proportion of the value of dividends to net income. The dividend payout ratio can be calculated using the formula:

$$DPR_{i,t} = \frac{Dividend_{i,t}}{Net\ Income_{i,t}} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (1)$$

The higher the value of the dividend payout ratio, the greater the proportion of net income paid to shareholders, and the smaller the retained earnings for investment financing purposes.

Company Characteristics that Affect Dividend Policy

Profitability is the company's ability to generate profits using the resources it has. Return on Assets is commonly used as a measure of a company's profitability, for it shows the company's ability to generate profits after tax using all assets owned. This following equation measure the Return on Assets (ROA):

$$ROA_{i,t} = \frac{Earning\ After\ Tax_{i,t}}{Total\ Asset_{i,t}} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (2)$$

The higher the ROA the greater the potential dividends distributed. This is because dividends are sourced from the company's net profit. The higher the profitability, the higher the ability to generate profits, the higher the potential for dividends paid. According to Gugler & Yurtoglu (2003), profitability has a positive effect on dividends. Companies that earn high profits tend to pay more dividends than those who get low profits.

Size indicates the scale of a company, which is measured by the total value of assets held. The size of a company can affect its ability to obtain the funding needed to finance investment activities. Large companies have greater access to enter the capital market and other external funding, making it easier to obtain funds than smaller companies. The ease of access owned by large companies in getting funds from third parties can reduce the company's dependence on internal funds. Therefore, large companies tend to pay higher dividends than small companies. The size of the company is proxied by the natural logarithm of total assets. Size can be formulated as follows:

$$Size_{i,t} = Ln\ Total\ Asset_{i,t} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (3)$$

The investment opportunity of a company can be measured using Tobins'Q. This ratio compares the market value of equity plus total debt to the book value of assets. According to Lang, Stulz, & Walkling (1989) companies with higher market value ratio are considered to have more investment opportunities. Tobin's q ratio with a value of more than one illustrates that investment in company assets generates higher benefits than investment costs. This condition will encourage new investment because investors give a high valuation to the company and have expectations that the company will show good performance and is considered capable of producing better cash flow in the future. The greater the Tobins'q ratio the higher the investment opportunity of the company. Tobins' Q can be formulated as follows:

$$\text{Tobins'Q}_{i,t} = \frac{\text{Market Value of all Outstanding Shares}_{i,t} + \text{Total Debt}_{i,t}}{\text{Total Asset}_{i,t}} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \text{(4)}$$

Companies that have high investment opportunities tend to hold profits and pay dividends at a lower rate because the profits generated by the company will be used to finance existing investments (Sarah, 2015).

Financial leverage is the use of debt which incurs fixed costs in the form of interest. In this study, financial leverage is measured using a debt ratio, which is the ratio of total debt to total assets. This ratio measures the proportion of funds sourced from debt to finance company assets. Debt ratio can be formulated with the following formula:

$$\text{Debt Ratio}_{i,t} = \frac{\text{Total Debt}_{i,t}}{\text{Total Aset}_{i,t}} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \text{(5)}$$

According to Brigham & Houston (2014), the use of large amounts of debt will increase financial risk. Because of fear of potential defaults. This results in companies with high levels of leverage to rely heavily on internal funds so that only a small portion of income can be paid as dividends.

Family Involvement

According to Miller, Le Breton-Miller, & Scholnick (2008) family involvement is a condition in which several family members are involved as both owners and managers. According to Sciascia & Mazzola (2008), family involvement is a condition of a company in which a family controls the company through ownership and involvement in the management of both the commissioners and directors. Adopting Kowalewski, Talavera, & Stetsyuk (2010) and Zattoni, Gnan, & Huse (2015), family involvement in this study was measured using an ordinal measure. There are three levels of family involvement, namely high, low, and zero involvement. A company exhibits a high Family involvement if the share of family ownership in the company is at least 25% and there are at least 2 family members from different generations who hold executive positions, both commissioners and or directors. Family companies that cannot meet these requirements are categorized as companies with low family involvement. Non-family companies are categorized as zero involvement companies. Scores for the high, low and zero involvement categories are 3, 2, and 1, respectively.

Family involvement can have a positive or negative effect on dividend payouts (Briano-Turrent, Li, & Peng, 2020; González, Guzmán, Pombo, & Trujillo, 2014; Sener & Akben Selcuk, 2019). The family involvement in the form of company stock ownership will increase agency problems by creating opportunities for expropriation by the majority shareholders through tunneling and others. This condition will lead to a lower payout ratio. Family involvement in management and supervision can minimize owner-manager conflict (Fama & Jensen, 1983). This is because family involvement in management can suppress opportunistic behavioral tendencies that managers often show and only benefit themselves (Massis, Frattini, & Lichtenthaler, 2013). Family involvement in supervision can also mitigate agency conflicts. This is because involvement in supervision can increase long-term investment-oriented tendencies and provide better management oversight mechanisms (Sciascia & Mazzola, 2008). Therefore family involvement in management and supervision tends to be positively related to dividend policy.

The Moderating Effect of Family Involvement on the Relationship between Profitability and Dividend Policy

Companies with family involvement have a longer-term investment outlook and fewer investment risks (Anderson & Reeb, 2003). Companies with high family involvement prioritize continuity for the sake of the next generation of heirs. Therefore family shareholders are more willing to focus on the long-term performance of the company and participate in company management while ensuring that family shareholders have a strong voice in the company (Jensen & Meckling, 1976).

Family involvement in companies with high profitability has the potential to reduce the value of dividends distributed. This happens because when the company's profitability increases, family shareholders tend to prefer to divert the company's net income to retained earnings, or in other words to the company's capital and investment in the future, compared to increasing dividend payments to shareholders. Thus, family involvement in the company will weaken the positive influence of profitability on dividend policy.

The Moderating Effect of Family Involvement on the Relationship between Size and Dividend Policy

Family involvement in the company, usually seen in the presence of family members who have majority ownership and have positions in the top management of the company. Companies with these structures will be able to minimize or eliminate agency problems and costs (Jensen & Meckling, 1976). Agency costs and problems will not arise because the owner and management of the company are the same parties and there will be no difference in interests, so the agency costs that arise for monitoring will be little or no. High family involvement in a company can act as an investor who is very concerned about the survival of the company and has more encouragement to monitor the performance of the company and the performance of company management. In addition to a long-term perspective, family businesses are also more conservative in their decision making (Din & Javid, 2012; Gudmundson, Hartman, & Tower, 1999).

Family companies tend to face low agency problems because the majority share ownership owned by the family is usually controlled by the family of the owner of the company so that the family company has a good performance. This builds the company's reputation in the eyes of investors. The company's reputation will increase the value of the company (Sujoko & Ugy, 2009). Therefore, the involvement of families in large size companies makes it easier to get external funding. The convenience is because companies with family involvement have a good reputation in the eyes of fund providers. Thus the company is able to reduce dependence on internal funds and be able to pay higher dividends. Family involvement will strengthen the positive effect of size on dividend policy.

The Moderating Effect of Family Involvement on the Relationship between Investment Opportunity and Dividend Policy

Family companies involve at least two generations in determining company policy, and have at least 25% ownership of company shares owned by family members or certain family groups (Donnelley, 1988). The greater the involvement of the family in a company, the higher the family control in the company. High family involvement can build a good reputation in the stock market because the family's commitment to the company's sustainability is even greater. According to Jensen & Meckling (1976), companies with high family involvement are more willing to focus on the company's long-term performance. Families are very concerned about the continuity of the company and have more encouragement to monitor the company’s and management’s performances.

Family involvement in companies that have high investment opportunities has the potential to increase dividend payout ratios higher. This is because companies with family involvement have a good reputation in the eyes of fund providers. Companies are not so difficult to finance investment projects so the company does not depend on internal funds. Thus, the involvement of the family in a company will weaken the positive influence of investment opportunity on dividend policy.

The Moderating Effect of Family Involvement on the Relationship between Financial Leverage and Dividend Policy

Family companies tend to have weaker governance than other companies because of ineffective internal governance mechanisms. The involvement of the family in the ownership of majority shares and the presence of family members in the management of the company raises the potential of the family to make decisions that could only benefit them by doing expropriation. Expropriation is an action taken by controlling shareholders to maximize their welfare by using their control rights (Claessens, Djankov, & Lang, 2000). The expropriation can be in the form of excessive salary and bonuses or making transactions with related parties. Investors may be reluctant to buy new equity from a family company so that larger dividend payments are used as compensation for poor corporate governance. High dividend payments will build a good reputation on the stock market because the image of the company is considered important in the capital market so that companies with high family involvement have the potential to pay dividends in larger amounts.

According to La Porta, Lopez-De-Silanes, Shleifer, & Vishny (2000) Companies with family involvement focus on reputation building behavior, that is, building a reputation by treating investors well. This is done so that when the company plans to issue equity in the future, investors will still be interested in buying new equity. Therefore, even though the company's leverage ratio is poor, high family involvement results in the company being able to obtain external funds so that dividend payments tend to be high. Under these conditions, family involvement weakens the negative influence of leverage on the policy.

METHODOLOGY

Data and Sample

The sample in the study was determined using the purposive sampling method, with the following criteria:

1. Non-financial companies listed on the LQ45 index on the Indonesia Stock Exchange during the 2012-2017 period.
2. Published annual reports and financial statements for the period 2012-2017 in rupiah units.
3. The company has complete data as needed in the study

Model

The analysis was carried out using the moderated regression analysis method, with the model:

$$DPR_{i,t} = \alpha + \beta_n \text{ predictor}_{i,t} + \gamma_1 \, moderator_{i,t} + \delta_n \, moderator \ x \ predictor_{i,t} + \varepsilon_{i,t} \ldots (6)$$

The predictors are company characteristics, which include profitability, size, investment opportunity, and financial leverage. Moderators in the study are the level of family involvement; worth "3" if the company exhibits high family involvement, "2" if it is low, and "1" if the company cannot be categorized as a family company.

RESULTS AND DISCUSSION

Table 1 shows a description of the research variables. On average the company distributed 29.28% of the company's net profit for dividends. LQ45 companies tend to use internal funds to finance investment projects. This is consistent with the company's life cycle theory that companies at the maturity stage of external funding needs begin to decline because the source of internal funds is relatively high. The average ROA of 7.88% with a standard deviation of 5.29% shows that LQ45 companies have good profitability and not many companies produce a negative return on assets. The average value of ownership of company assets is Rp 22.8 trillion. The high total assets show that most of LQ45 companies are old-age companies and have been operating for a long time. The average value of investment opportunities of 1.96 indicates a large investment opportunity. The average sample company has a financial leverage value of 0.4650 meaning that the proportion of the use of debt in financing investments is quite high nearly 50%. Table 1 also shows that there are 18.75% of companies in the category of high family involvement, 20.31% are low involvement, and 60.95% are zero involvement.

Tabel 1. Descriptive

	N	Minimum	Maximum	Mean	Std. Deviation
DPR	192	0.0000	0.9698	0.2928	0.2010
ROA	192	-0.0475	0.2279	0.0788	0.0529
SIZE	192	27.8514	33.3202	30.7626	0.9430
TOBINSQ	192	0.6698	6.2408	1.9639	1.0749
LEVERAGE	192	0.1331	0.9312	0.4650	0.1736
FAMILY	192	1	3	1.58	0.789

Source: SPSS output

Model Analysis and Hypothesis Testing

Table 2 Model 1 shows that profitability has a positive effect on dividend policy as measured by the dividend payout ratio. This indicates that when the profitability of the company increases, the dividends distributed will also be higher. The higher the profitability, the greater the profit generated by the company. Therefore the company's ability to pay dividends is getting higher. This is consistent with the research of Gugler & Yurtoglu (2003) which states that companies that obtain high profits tend to pay more dividends, thus showing that profitability and dividends have a positive effect.

Table 2 reports the results from OLS and Moderated Regression Analysis. The dependent variable is dividend payout ratio. T-statistics are in parentheses. *, **, *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Size has a positive effect on dividend policy. The larger the size of the company, the greater the access the company has to enter the capital market or get other external funding. Large size companies can reduce dependence on internal funds. Thus large companies tend to pay higher dividends than small companies. Oreland (2017) shows that large companies pay high dividends to their shareholders, so the size and dividend policy have a positive influence.

Investment opportunity has a positive effect on dividend policy. This result is not in line with the results of Alphonse & Tran (2014), study which found that investment opportunity has a negative effect. Nevertheless, the positive influence of this investment opportunity is in line with the research of (Kouki & Guizani, 2009). Companies with high investment opportunities have easier access to external funds. High company performance can enhance reputation in the eyes of fund providers. This can reduce the company's dependence on internal funds so that the company's ability to pay high dividends. Paying greater dividends can also signal investors that the company has good performance and prospects.

Table 2. Regression Results

	MODEL 1	MODEL 2	MODEL 3	MODEL 4	MODEL 5	MODEL 6	MODEL 7
(Constant)	-1.707***	-1.714***	-1.705***	-1.698***	-1.681***	-1.679***	-1.497***
	(-4.172)	(-4.197)	(-4.174)	(-4.148)	(-4.182)	(-4.042)	(-3.685)
ROA	0.977***	0.997***	0.850**	0.950***	1.111***	1.012***	0.565
	(2.876)	(2.937)	(2.290)	(2.755)	(3.299)	(2.962)	(1.521)
SIZE	0.062***	0.064***	0.064***	0.063***	0.062***	0.063***	0.058***
	(4.721)	(4.816)	(4.820)	(4.787)	(4.771)	(4.677)	(4.458)
TOBINSQ	0.038**	0.035**	0.036**	0.037**	0.040***	0.035**	0.046***
	(2.519)	(2.369)	(2.404)	(2.435)	(2.696)	(2.348)	(3.105)
LEV	-0.155*	-0.156*	-0.158*	-0.169*	-0.156*	-0.168*	-0.211*
	(-1.836)	(-1.850)	(-1.873)	(-1.963)	(-1.881)	(-1.907)	(-2.313)
FAMILY		-0.020	-0.019	-0.019	-0.019	-0.019	-0.016
		(-1.279)	(-1.258)	(-1.226)	(-1.267)	(-1.249)	(-1.057)
ROA x FAMILY			-0.016				-0.074***
			(-0.983)				(-3.319)
SIZE x FAMILY				-0.012			-0.004
				(-0.784)			(-0.256)
TOB x FAMILY					0.035***		0.060***
					(2.659)		(3.780)
LEV x FAMILY						-0.008	-0.025
						(-0.483)	(-1.308)
R^2	0.328	0.338	0.337	0.336	0.358	0.335	0.396
F	22.280	18.645	15.569	15.608	17.224	15.512	13.326

Source: SPSS output

Financial leverage has a significant negative effect on the dividend payout ratio. The greater use of debt results in a higher fixed interest rate of the company. High interest payments cause cash flow available for dividend payments to be lower. This is in line with research by Al-Kuwari (2009) which states that financial leverage negatively affects the dividend payout ratio. The use of large amounts of debt will also increase the financial risk of the company. High corporate debt results in the creditors to be very careful to lend their funds because of the high risk of default. This resulted in the company relying on internal funds.

The moderating effect of family involvement on the effect of Firms' characteristics on dividend policy

Model 7 in table 2 shows that family involvement weakens the positive effect of profitability on dividend policy. This is consistent with the research by Jensen & Meckling (1976), that companies with higher family involvement tend to prioritize continuity and try to bequeath the business to future generations. When corporate profitability increases, family shareholders tend to prefer to use net income as retained earnings, or in other words as a source of funding for corporate investment to ensure future growth.

Models 5 and 7 in Table 2 show that family involvement strengthens the positive relationship between investment opportunity and dividend policy. This finding is in line with the study of Wu, Ni, & Huang (2020). Companies with high investment opportunities tend not to have difficulty collecting funds from external sources. On the other hand, companies with high family involvement tend to be able to control agency conflicts that lead to a better reputation. Higher family involvement in companies with high levels of investment opportunity can increase dividend payments. Companies with high investment opportunities show high market performance as well. Such companies have easier access to external funding. The ease in obtaining external funds will be strengthened by the good reputation that arises as a result of higher family involvement. This makes it easier for companies to obtain external funds. The company's dependence on internal funding sources is getting lower and resulting in higher availability of funds to pay dividends. Thus, the involvement of the family in a company will strengthen the positive influence of investment opportunity on dividend policy.

CONCLUSION

The results show that company characteristics influence dividend policy. Profitability, size, and investment opportunity have a positive effect on dividend payout, while financial leverage has a negative effect. Family involvement strengthens the effect of profitability but weakens the influence of investment opportunity. Higher family involvement can affect two things, namely a high concern for the survival of the company and a higher reputation of the company. Both of these will encourage families to take advantage of higher growth opportunities while maintaining compensation for them by using external funds for investment and using profits as dividends.

For investors, this research has implications for the determination of investment strategies, especially in family companies. This study also provides insight into the impact of family involvement measured holistically on the relationship of company characteristics with dividend policy. Further research can be more focused on family businesses, where family involvement can be more detailed in terms of involvement in ownership, management, supervision, cross-generational involvement, and holistic involvement.

REFERENCE

Al-Kuwari, D. (2009). Determinants of the Dividend Policy in Emerging Stock Exchanges: The Case of GCC Countries. In *Global Economy & Finance Journal*.

Alphonse, P., & Tran, Q. T. (2014). A Two-Step Approach to Investigate Dividend Policy: Evidence from Vietnamese Stock Market. *International Journal of Economics and Finance*, *6*(4), 16–28. https://doi.org/10.5539/ijef.v6n3p16

Anderson, R. C., & Reeb, D. M. (2003). Founding-Family Ownership and Firm Performance: Evidence from the S&P 500. *Journal of Finance*, *8*(3), 1301–1328. https://doi.org/10.1111/1540-6261.00567

Attig, N., Boubakri, N., El Ghoul, S., & Guedhami, O. (2016). The Global Financial Crisis, Family Control, and Dividend Policy. *Financial Management*, *45*(2), 291–313. https://doi.org/10.1111/fima.12115

Bertrand, M., & Schoar, A. (2006). The Role of Family in Family Firms. *Journal of Economic Perspectives*. https://doi.org/10.1257/jep.20.2.73

Briano-Turrent, G. D. C., Li, M., & Peng, H. (2020). The Impact of Family-CEOs and Their Demographic Characteristics on Dividend Payouts: Evidence from Latin America. *Research in International Business and Finance*. https://doi.org/10.1016/j.ribaf.2019.101086

Brigham, E. F., & Houston, J. F. (2014). *Dasar-dasar Manajemen Keuangan*. Jakarta : Salemba Empat.

Claessens, S., Djankov, S., & Lang, L. H. P. (2000). The Separation of Ownership and Control in East Asian Corporations. *Journal of Financial Economics*, *58*(1), 81–112. https://doi.org/10.1016/s0304-405x(00)00067-2

Deitiana, T. (2013). Pengaruh Current Ratio , Return on Equity Dan Total Asset Turn Over

Terhadap Devidend Payout Ratio Dan Implikasi Pada Harga Saham Perusahaan LQ 45. *Jurnal Bisnis Dan Akuntansi*, *15*(1), 82–88.

Deni, F. F., Aisjah, S., & Djazuli, A. (2016). Analisis Variabel-Variabel yang Mempengaruhi Kebijakan Dividen (Studi pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia). *Jurnal Aplikasi Manajemen*, *14*(2), 359–365. https://doi.org/10.18202/jam23026332.14.2.17

Din, S., & Javid, A. Y. (2012). Impact of Family Ownership concentration on the Firm's Performance: Evidence from Pakistani Capital Market. *Journal of Asian Business Strategy*, *2*(3), 63–70.

Donnelley, R. G. (1988). The Family Business. *Family Business Review*, *1*(4), 427–445. https://doi.org/10.1111/j.1741-6248.1988.00427.x

Fama, E. F., & Jensen, M. C. (1983). Separation of Ownership and Control Separation of Ownership and Control. *Journal of Law and Economics*, *26*(1), 1–32.

González, M., Guzmán, A., Pombo, C., & Trujillo, M. A. (2014). Family Involvement and Dividend Policy in Closely Held Firms. *Family Business Review*, *27*(4), 365–385. https://doi.org/10.1177/0894486514538448

Gudmundson, D., Hartman, E. A., & Tower, C. B. (1999). Strategic Orientation: Differences between Family and Nonfamily Firms. *Family Business Review*, *12*(1), 27–39. https://doi.org/10.1111/j.1741-6248.1999.00027.x

Gugler, K., & Yurtoglu, B. B. (2003). Corporate Governance and Dividend Pay-out Policy in Germany. *European Economic Review*, *47*(1), 731–758. https://doi.org/10.1016/S0014-2921(02)00291-X

Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, *3*(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X

Kania, S. L., & Bacon, F. W. (2005). What Factors Motivate The Corporate Dividend Decision? *ASBBS E-Journal*, *1*(1), 97–107.

Kouki, M., & Guizani, M. (2009). Ownership Structure and Dividend Policy Evidence from the Tunisian Stock Market. *European Journal of Scientific Research*, *25*(1), 42–53. https://doi.org/10.5897/AJBM11.1468

Kowalewski, O., Talavera, O., & Stetsyuk, I. (2010). Influence of Family Involvement in Management and Ownership on Firm Performance: Evidence from Poland. *Family Business Review*, *23*(1), 45–59. https://doi.org/10.1177/0894486509355803

La Porta, R., Lopez-De-Silanes, F., Shleifer, A., & Vishny, R. W. (2000). Agency Problems And Dividend Policies Around The World. *Journal of Finance*, *4*(1), 1–33. https://doi.org/10.1111/0022-1082.00199

Lang, L. H. P., Stulz, R. M., & Walkling, R. A. (1989). Managerial Performance, Tobin's Q, And The Gains From Successful Tender Offers. *Journal of Financial Economics*, *24*(1), 137–154. https://doi.org/10.1016/0304-405X(89)90075-5

Lopolusi, I. (2013). Analisis Faktor-faktor Yang Mempengaruhi Kebijakan Dividen Sektor Manufaktur Yang TerdafTar Di PT Bursa Efek Indonesia Periode 2007-2011. *Jurnal Ilmu & Riset Akuntansi*, *2*(1), 1–18.

Massis, A. De, Frattini, F., & Lichtenthaler, U. (2013). Research on Technological Innovation in Family Firms: Present Debates and Future Directions. *Family Business Review*, pp. 10–31. https://doi.org/10.1177/0894486512466258

Miller, D., Le Breton-Miller, I., & Scholnick, B. (2008). Stewardship vs. stagnation: An empirical comparison of small family and non-family businesses. *Journal of Management Studies*, *45*(1), 51–78. https://doi.org/10.1111/j.1467-6486.2007.00718.x

Murhadi, W. R. (2012). Study on Dividend Policy: Antecedent and its Impact on Share Price.

SSRN Electronic Journal. https://doi.org/10.2139/ssrn.1686109

Oreland, C. (2017). Family Control in Swedish Public Companies: Implications for Firm Performance, Dividends and CEO Cash Compensation. *Doctoral Thesis Upsala University*.

Pindado, J., Requejo, I., & de la Torre, C. (2012). Do Family Firms Use Dividend Policy as a Governance Mechanism? Evidence from the Euro zone. *Corporate Governance: An International Review*, *20*(1), 413–431. https://doi.org/10.1111/j.1467-8683.2012.00921.x

Sarah, A. F. (2015). Analisis Faktor-Faktor Yang Mempengaruhi Keputusan Pembayaran Dividen dan Tingkat Dividen. *Skripsi Universitas Islam Negeri Syarif Hidayatullah*.

Schmid, T., Ampenberger, M., Kaserer, C., & Achleitner, A.-K. (2012). Controlling Shareholders and Payout Policy: Do Founding Families Have a Special "Taste for Dividends"? *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.1553650

Sciascia, S., & Mazzola, P. (2008). Family Involvement in Ownership and Management: Exploring Nonlinear Effects on Performance. *Family Business Review*, *21*(4), 331–344. https://doi.org/10.1177/08944865080210040105

Sener, P., & Akben Selcuk, E. (2019). Family Involvement, Corporate Governance And Dividends in Turkey. *Managerial Finance*, *45*(5), 602–621. https://doi.org/10.1108/MF-01-2018-0011

Setia-Atmaja, L. Y. (2009). Governance Mechanisms and Firm Value: The Impact of Ownership Concentration and Dividends. *Corporate Governance: An International Review*, *17*(6), 694–709. https://doi.org/10.1111/j.1467-8683.2009.00768.x

Setiawan, D., & Phua, L. K. (2013). Corporate governance and dividend policy in Indonesia. *Business Strategy Series*, *14*(5–6), 135–143. https://doi.org/10.1108/BSS-01-2013-0003

Smith, C. W., & Watts, R. L. (1992). The Investment Opportunity Set And Corporate Financing, Dividend, And Compensation Policies. *Journal of Financial Economics*, *32*(3), 263–292. https://doi.org/10.1016/0304-405X(92)90029-W

Sudana, I. M. (2015). *Manajemen Keuangan Perusahaan: Teori & praktik* (2nd ed.). Jakarta : Erlangga.

Sujoko, & Ugy, S. (2009). Pengaruh Struktur Kepemilikan Saham, Leverage, Faktor Intern dan Faktor Ekstern Terhadap Nilai Perusahaan. *Manajemen Dan Kewirausahaan*, *9*(1), 21-.

Weston, J. F., & Coepeland, E. T. (2010). *Manajemen Keuangan* (9th ed.). Jakarta : Binarupa Aksara.

William Lasher. (2003). *Practical Financial Management*. Australia : South Westers.

Wu, M., Ni, Y., & Huang, P. (2020). Dividend Payouts And Family-Controlled Firms—The Effect Of Culture On Business. *Quarterly Review of Economics and Finance*. https://doi.org/10.1016/j.qref.2019.03.004

Yoshikawa, T., & Rasheed, A. A. (2010). Family Control And Ownership Monitoring In Family-Controlled Firms in Japan. *Journal of Management Studies*. https://doi.org/10.1111/j.1467-6486.2009.00891.x

Yudiana, I., & Yadnyana, I. (2016). Pengaruh Kepemilikan Manajerial, Leverage, Investment Opportunity Set Dan Profitabilitas Pada Kebijakan Dividen Perusahaan Manufaktur. *E-Jurnal Akuntansi*, *15*(1), 111–141.

Zattoni, A., Gnan, L., & Huse, M. (2015). Does Family Involvement Influence Firm Performance? Exploring the Mediating Effects of Board Processes and Tasks. *Journal of Management*, *41*(4), 1214–1243. https://doi.org/10.1177/0149206312463936