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THE EFFECT OF INSTITUTIONAL OWNERSHIP, PROFITABILITY, COMPANY GROWTH, AND DEBT RATIO ON DIVIDEND POLICY

(Study on Banking Companies Listed on the Indonesia Stock Exchange Period 2015-2017)

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ABSTRACT

This study aims to determine which a factor is the most dominant in influencing a dividend policy in banking companies listed on the Indonesia Stock Exchange for the period 2015-2017. The method in this study uses a quantitative associative type. The sampling technique used in this study was the purposive sampling with the sample required for this study, namely 27 companies. the analysis of the data used in this study is the classical assumption test, a multiple regression analysis and a hypothesis testing. The results showed that the t value of Institutional Ownership (KI) was 1.1760.05 means no effect, the t value of a profitability (ROA) is 2.071> from the t table 1.99125 with a sig. 0.033 <0.05 means that it has a positive effect, the t value of Company Growth (GRWT) is -2.685> from the t table 1.99125 with a sig. 0.046 <0.05 means that it is influential, the t value of the debt ratio (DER) is -2.031> from the t table 1.99125 with a sig. 0.041 <0.05 means that it has a negative effect on a dividend policy. These results also indicate that the variable that has a dominant effect, namely the variable profitability measured using ROA, has a positive and significant effect on the variable dividend policy (DPR).

Keywords: Dividend Policy; Institutional Ownership; Profitabiliy; Company Growth; Debt Ratio

PLEMINARY

Dividend policy is defined as a decision on the allocation of company profits to be distributed as dividends or retained in the form of retained earnings as investment financing in the future. Dividend policy has an important role in a company because it presents a marker that shows the condition and how much attention the company pays to the welfare of investors. Although not the only determinant of investors in investing, dividend policy remains an important component in the company's efforts to get investors. Therefore, in some cases there are companies that always prioritize the distribution of dividends in each period. Based on this explanation, dividend policy is considered to play an important role in maintaining the image of the company's performance to investors. If the stock price rises, many investors are interested in investing in the company (the investors increase), with the increase in investors, the company's profit will also increase. The greater the profit, the company tends to pay high dividends to shareholders (Kiki Sapta Aprilia, 2017).

Dividend policy relates to the distribution of income (earnings) between the use of income paid as dividends to shareholders or used as retained earnings in the company. This decision was made as a way to improve the welfare of the shareholders. According to Binastuti and Wibowo (2012) dividend policy is a policy owned by the company to distribute its profits to shareholders.

Banking has a different capital structure from other corporations. The function of the bank as a collector of public funds results in most of the funds in the bank coming from Third Party Funds (DPK) which must be maintained for capital adequacy. At the end of 2014, quoted from Indonesian Banking Statistics, the average capital adequacy ratio for state-owned banks was 17.08 percent, lower than conventional commercial banks at 19.57 percent. This phenomenon is suspected as a result of high dividend payments paid to the government with an average of 30 percent per year so that banks cannot expect additional capital from company profits (Ulfah, 2014).

The case that occurred in Indonesia, in 2015 dividend payments made by state-owned banks were 20-28% lower than the amount in 2014, because in 2015 state-owned banks experienced a decrease in net profit. In 2016 dividend payments made by state-owned banks to shareholders amounted to 21.15 trillion around 20-45% and was the highest amount in the last 5 years. In 2016 Bank Indonesia (BI) proposed a limitation on dividend distribution, because banking companies often deposit high dividends without considering capital adequacy. The performance of banking companies in 2016 decreased, third party funds (DPK) grew by only 8% per year, banking loans 9% as a result the LDR (loan to deposit ratio) increased by 94% which means all TPF was channeled into credit. Banks also experienced non-performing loans of 3% so that banks had to cover it from their own capital. In 2017 the policy of limiting the distribution of dividend payments was implemented so that dividend payments in 2017 are considered by the capital adequacy ratio.

Based on the financial statements listed on the IDX in 2015-2017, Bank Agro has the highest value in distributing dividends to shareholders. Bank Agro distributed dividends of Rp19.57 billion or 18.91% of Net Profit. Bank Agro's net profit in 2017 grew by 36.4%, exceeding the national banking net profit growth of 23.1%. From the data in the table above, it can be concluded that the distribution of dividend policy is influenced by the net profit received by banking companies. Previous studies have shown that the amount of annual income net income affects the amount of dividend distribution. The company's shareholders have power over the dividend distribution policy, this is done because before the payment of dividends, banking companies always hold a General Meeting of Shareholders (GMS) to discuss net income and dividend distribution. Profitability and company growth that occurs in the company also affects the net income obtained as well as the company's debt ratio can affect the company's net income.

From the phenomenon that occurs based on the financial statements of banking companies listed on the Indonesia Stock Exchange (IDX), researchers are interested in raising the title "The Effect of Institutional Ownership, Profitability, Company Growth, and Debt Ratios on Dividend Policy (Study on banking companies listed on the Stock Exchange). Indonesian Securities for the period 2015-2017)". In this study, the measurement variables that will be used are Institutional Ownership, Profitability, company growth and the ratio of debt to dividend policy.

THEORETICAL FRAMEWORK AND HYPOTHESES FORMULATION (if any) (20%)

Agency Theory

Agency theory explains the division of roles between owners and management which can cause conflicts between principals and agents. According to Jensen & Meckling (1976) agency attachment arises and another party (principal), another person is hired (agent) to serve and entrust authority in making decisions to the agency. The essence of the agency relationship is the separation between ownership (principal/investor) and control (agent/manager). This separation of management and ownership underlies the emergence of agency theory.

Stakeholder Theory

Stakeholder theory reveals that the company is not an entity that only works for individual needs but has many advantages for its stakeholders such as shareholders, consumers, creditors, suppliers, government, society, and several other parties. Stakeholders are parties whose presence is very influential and influenced by the company. For example: employees, society, competing companies and the government. Stakeholders have different satisfaction criteria for the company (Swat,.dkk, 2015).

Pecking Order Theory

The capital structure is explained by the pecking order theory, namely that high levels of profitability are considered to have low debt because high profitability has the most internal sources of funds. Harjito (2011), stated that the company's main capital comes from undivided net profit after tax (retained earnings). Companies prefer to choose internal financing (retained earnings) because it has a low risk. In this theory, companies that use small debt can provide an increase in company profits, thereby providing an increase in financial performance (Haryati & Widyarti, 2016).

Dividend Policy

Dividend policy is a company policy that is implemented to share profits with company shareholders. The factors that influence the dividend policy include the Debt to Equity Ratio, Cash Ratio, Return On Assets, and the measuring instrument is the Dividend Payout Ratio. (Sukartha, 2015). Dividend policy has a relationship with the payment of income (earnings) the use of distributed income for dividends for shareholders or used for retained earnings in the company. This company policy was created as a way to improve the welfare of shareholders.

Institutional Ownership

According to Zameer,*et al*.,(2013) institutional ownership is the percentage of shares of companies owned by institutions or institutions (insurance companies, pension funds, or other companies. Institutional ownership of a company can encourage management performance improvement, because share ownership represents one of the powers that can be done to encourage or vice versa the performance of management. Supervision by institutional investors is quite dependent on the amount of investment made (Bella Novianti Rais & Hendra F. Santoso, 2017). In this variable dividend policy is obtained using the formula:

$$\text{KI} = \sum \% \text{ kepemilikan institusi}$$

$\sum$ = Total Institutional Ownership

Source: Kurniawati, 2015.

Profitability

Return On Assets (ROA) according to Kasmir (2012: 201) get results (return) with the number of assets used in the company. In addition, ROA provides a fairly good measure of the company's profitability because it shows the effectiveness of management when using assets to earn income. Profitability is the ability of a company to earn profits related to sales, total assets or own capital according to Zameer *et al*., (2013). According to Dedy Natanael Baramuli, (2016) Profitability ratios have benefits for the life of the company because they are able to help companies understand the company's role in making profits in the short or long term. Profitability ratios are taken as research material in the form of Return on Assets (Hanum & Sinarasri, 2014). In research by Fitri Hosen, & Muhari, (2016), found the result that profitability has a positive effect on the likelihood of the company paying dividends.

ROA can be formulated as follows:

$$\textit{Return on Assets}\ (\text{ROA}) = \frac{\text{Laba Bersih}}{\textit{Total Assets}}$$

Source : Kurniawati, 2015.

Company Growth

Company growth is the company's ability to improve the company from time to time or survive with the company's position. Growth is used to assess the issuer's growth rate. Company growth is

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an increase or decrease in the value of the company. Company growth in pecking order theory has a good relationship with funding decisions. In this case, companies with fast growth will certainly rely on external funds (Aprilia, 2017).

Dalam mengukur *Growth* menggunakan perbedaan dari total aset tahun saat ini dengan total aset tahun lalu,lalu dibagi dengan nilai total aset pada tahun sebelumnya (Kairan, 2017). How to measure asset growth such as:

$$Growth = \frac{Total\ Aset_{t\,-\,Total\ Aset_{t-1}}}{Total\ Aset_{t-1}}$$

Source : Kairan, 2017

Debt Ratio

Debt to Equity Ratio (DER) is the ratio used to show the ratio of debt to equity (Jalung, 2017). The company's debt ratio in the form of Debt Equity Ratio (DER) explains the company's capacity to fulfill all its obligations as shown by some parts of its own capital used to pay debts. The debt ratio is the result of the comparison between the amount of debt (current debt and long-term debt) with capital which shows the company's capacity to meet its obligations using existing capital. According to Zameer et al., (2013) The debt-to-equity ratio is calculated by the formula:

$$Debt\ to\ equalty\ ratio = \frac{\text{total hutang}}{modal\ (equity)}$$

Source : (*Zameer et al*,. 2013)

Hypothesis Development

Effect of Institutional Ownership on Dividend Policy

Institutional ownership is a term for company shares owned by institutions such as banks, insurance companies, mutual funds, pension funds and corporations. Institutional ownership of a company can encourages improved management performance, because share ownership represents one of the powers that can be exercised to encourage or vice versa the performance of management. The supervision carried out by institutional investors is quite dependent on the size of the investment made (Bella Novianti Rais & Hendra F. Santoso, 2017). In a research by Kiki Sapta Aprilia, (2017) shows that there is a significant negative effect between institutional ownership in a company and the DPR, namely the existence of institutional ownership, it can improve the supervisory mechanism, so that dividend policy in favor of the company's managerial can be reduced. Research conducted by Auditta, et al. (2011) show that there is a significant negative effect between institutional ownership in a company and the DPR, namely the presence of institutional ownership so that it can improve the supervisory mechanism, so that dividend policy that leads to company management can be reduced. According to Ulfah (2014) explains if institutional ownership has no effect on dividend policy", is not accepted and then concluded if institutional ownership does not affect dividend policy. The results are from research conducted by Ulfa (2014). Institutional ownership is believed to be a strong supervisor of agency problems, but in research by (Ulfah, 2014) It is found that institutional ownership has no effect on dividend policy. Meanwhile, in the research conducted by (Kurniawati, 2015) suggests that institutional ownership does not affect dividend policy.

H_1 = Institutional ownership has no effect on dividend policy.

The Effect of Profitability on Dividend Policy

Profitability includes a company's ability to earn a profit every certain period. Managerial performance in each company can be interpreted as good if the level of profitability of the company that is managed is good or for other purposes maximum, where the profitability is usually always assessed by means of the profits earned by the company compared to the number of estimates that can be used as benchmarks for the success of the company including the number of company assets or sales. investment, so that the effectiveness of financial and asset management by the company can be understood (Baramuli, 2016). According to Dedy Natanael Baramuli, (2016) the profitability ratio has benefits for the life of the company because it is able to help companies understand the role of the company to benefit in the short or long term. The profitability ratio is taken as research material in the form of Return on Assets (Hanum & Sinarasri, 2014). In the research by Fitri Hosen, & Muhari, (2016), finding results that profitability has a positive influence on the possibility of companies paying dividends. This is the same as the research by Kairan, (2017) which explains that profitability affects dividend policy, namely, an increased ROA indicates the company's expertise in order to get high profits so that the DPR can increase.

H_2 = Profitability has a significant effect on dividend policy

The Effect of Company Growth on Dividend Policy

Company growth is the company's ability to improve the company from time to time or survive with the company's position. The company's growth can be assessed from the company's total assets, the higher the assets owned by the company can increase operating results and increase profits. Company growth is an increase or decrease in the value of the company. Company growth in pecking order theory has a good relationship with funding decisions. In this case, companies with fast company growth will certainly rely on external funds (Aprilia, 2017). The company's growth has a fairly good relationship with profit because profit can be used as a measuring tool to assess a company's growth or decline. Issuer's policy in doing growth (Growth) can affect the availability of funds for issuers. This is because when the company chooses to grow, the issuer must raise funds as the cost of growing needs. The company's growth has a good relationship with profit because profit can be used as a measuring tool to assess whether a company has good growth or should. Company growth can have a negative influence on dividend policy because a company with a fairly good amount of growth tends to be able to use its profits as investment funds, which means that the proportion of profits used as dividend distribution is getting lower.

H_3 = Company growth has no effect on dividend policy

The Effect of Debt Ratio on Dividend Policy

The company's debt ratio in the form of the Debt Equity Ratio (DER) explains the company's capacity to fulfill all its obligations as shown by some parts of its own capital used to pay debts. For the company, it is better that the amount of debt does not exceed the amount of own capital owned so that the fixed burden is not too high. If the debt burden is greater, the company's ability to pay dividends will be lower. In research by Lopolusi (2013) it is better that the value of the debt should not exceed its own capital so that the burden is not too large. If the debt burden is getting bigger, then the company's ability to pay dividends will also be lower. This theory is supported by research by Rahmawati (2008) which suggests that the Debt Equity Ratio (DER) affects the Dividend Payout Ratio.

H_4 = Debt ratio affects dividend policy

RESEARCH METHODS (15%)

This study uses two types of data, namely time series and cross-sectional data. The data source comes from secondary data on the official website of the Indonesia Stock Exchange (IDX), namely all banking companies that registered on the Indonesia Stock Exchange (IDX) in 2015-2017 and published their financial statements. This is because board ownership in non-financial companies in Indonesia tends to be very low and the data is easy to obtain. So that researchers are interested in taking samples in the banking sector, in addition to the ownership structure in the banking sector the

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percentage is quite large. The total number of banking companies listed on the Indonesia Stock Exchange (IDX) as of November 2018 were 81 companies. The sampling technique used in this study is using purposive sampling with the following criteria: (1) banking companies listed on the Indonesia Stock Exchange in 2015-2017, (2) companies that have issued financial statements for 3 (three) consecutive years, from 2015-2017. Based on the criteria established to obtain the sample of this study, the required number of samples for this research is 27 companies from 81 financial statement data from 2015-2017. The analysis of the data used in this study is the assumption test. classical, multiple regression analysis and hypothesis testing with the help of SPSS version 23 application.

RESULTS AND DISCUSSION (50%)

Description of Research Object

The following is a list of the companies that are the object of this research. The sample in this study were 27 companies listed on the IDX and that met the sampling criteria in this study. The list of 27 companies is as follows:

Table 1. List of Companies used as sample

NUMBER	COMPANY NAME	CODE SHARE
1	PT BANK RAKYAT INDONESIA AGRONIAGA Tbk	AGRO
2	PT BANK AGRIS Tbk	AGRS
3	PT BANK ARTOS INDONESIA Tbk	ARTO
4	PT BANK MNC INTERNASIONAL Tbk	BABP
5	PT BANK CAPITAL INDONESIA Tbk	BACA
6	PT BANK CENTRAL ASIA Tbk	BBCA
7	PT BANK HARDA INTERNASIONAL Tbk	BBHI
8	PT BANK BUKOPIN Tbk	BBKP
9	PT BANK MESTIKA DHARMA Tbk	BBMD
10	PT BANK NEGARA INDONESIA (Persero) Tbk	BBNI
11	PT BANK NUSANTARA PARAHYANGAN Tbk	BBNP
12	J TRUST BANK	BCIC
13	PT BANK CIMB NIAGA Tbk	BNGA
14	PT BANK MAYBANK INDONESIA Tbk	BNII
15	PT BANK PERMATA Tbk	BNLI
16	PT BANK SINARMAS Tbk	BSIM
17	PT BANK OF INDIA INDONESIA Tbk	BSWD
18	PT BANK TABUNGAN PENSIUNAN NASIONAL Tbk	BTPN
19	PT BANK VICTORIA INTERNATIONAL Tbk	BVIC
20	PT BANK DINAR INDONESIA Tbk	DNAR
21	PT BANK ARTHA GRAHA INTERNASIONAL Tbk	INPC
22	PT BANK MAYAPADA INTERNASIONAL Tbk	MAYA
23	PT BANK CHINA CONSTRUCTION BANK INDONESIA Tbk	MCOR
24	PT BANK MEGA Tbk	MEGA
25	PT BANK MITRANIAGA Tbk	NAGA

26	PT BANK OCBC NISP Tbk	NISP
27	PT BANK NATIONAL NOBU Tbk	NOBU

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Description of Research Variables

Table 2. Descriptive Statistics

Variable	N	Min	Max	Mean	Std. Deviation
KI	81	,10	,92	,4301	,24860
ROA	81	,01	5,37	1,4886	1,31168
GRWT	81	1,01	43,49	12,9637	8,27567
DER	81	116,67	1491,00	632,8160	258,83638
DPR	81	1,00	50,00	20,7293	11,77942
Valid N (listwise)	81				

Source: Processed data, 2020.

Based on table 2 shows the observations of the 2015 - 2017 period reports that the dividend policy assessed through the Dividend Payout Ratio (DPR) can be seen that the lowest DPR value is 1.00 (1%) and the highest value is 50.00 (50%) with the average of the DPR is 20.7293 (20.73%). A sample of 27 companies with 81 financial statement data for 2015 – 2017 used in this study, Institutional Ownership (KI) shares owned by companies or other business entities engaged in fields other than banking, the lowest value is 0.10 (10%) and the highest is 0.92 (92%) with the average value of KI in the company is 0.4301 (43%). The company's profitability variable seen from the Return on Assets (ROA) value can be seen that of the 27 companies, the lowest ROA value is 0.01 (1%) which is owned by Bank Arto and the highest value is 5.37 (5.37%). owned by J-Trust Bank. The sample of 27 companies used in the study, it can be seen that the lowest company growth value is 1.01 (1.01%) which is owned by Bank Harda International and the highest company growth value is 43.49 (43.49%) is owned by Bank BRI Agro.

Normality Test

The data normality test aims to determine whether a regression model, its variables have a normal distribution or not. A good regression model is data that is normally distributed or close to normal.

Table 3. Normality Test Data

Kolmogorov-Smirnov	Unstandardized Residual
Asymp. Sig (2-Tailed)	0,562

Source: Processed data, 2020.

The basis for decision making in the K-S normality test is if the significant value (Sig.) is greater than 0.05 then the research data is normally distributed. On the other hand, if the significant value (Sig.) is less than 0.05, the research data is not normally distributed. Based on the SPSS output table above, it is known that the significance value of Asymp.Sig (2-tailed) is 0.562 which is greater than 0.05.

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Multicollinearity Test

Table 4. Multicollinearity Test

Colinearity Statistics	Tolerance	VIF
KI	,954	1,048
ROA	,800	1,249
GRWT	,996	1,004
DER	,807	1,240

Source: Processed data, 2020.

Berdasarkan tabel 4 output SPSS untuk *Colinearity Statistics* dapat dilihat pada bagian Tolerance dan VIF. Pada kolom Tolerance, dapat dilihat bahwa nilai tolerance tiap variabel bebas lebih besar dari 0,10 dan pada kolom VIF dapat dilihat bahwa nilai VIF tiap variabel bebas lebih kecil dari 10,00.

Hypothesis Testing

Table 5. Summary of Hypothesis Testing

Test Type	KI	ROA	GRWT	DER	
F-Test					
Test Results					0,000
T-Statistic Test					
Test Results	0,243	0,033	0,046	0,041	
Conclusion	Not Sig.	Sig.	Sig.	Sig.	

Source: Processed data, 2020

Simultaneous Test (F Test)

Viewed in Table 5, it can be seen that testing the effect of the independent variables together on the dependent variable shows the calculated F value of 2.586 > from the F table value of 2.49 and it can also be seen the value of Sig. of 0.000 < from Sig. 0.05. This means that the independent variables, namely KI, ROA, GRWT, DER together or simultaneously have a significant influence on the dependent variable, namely DPR.

Partial Test (T-statistical test)

The basis for determining the acceptance of the t test hypothesis is that if the t count < t table and sig value > 0.05, the independent variable has no effect on the dependent variable. If the value of t count > t table and the value of sig. <0.05 then the independent variable has an influence on the dependent variable.

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Discussion

The Effect of Institutional Ownership (KI) on Dividend Policy (DPR)

Based on the results of hypothesis testing, it shows that the KI variable has no effect on dividend policy (DPR because the t-count value is 1.176 < from t table 1.99125 with a sig. 0.243> value of 0.05. It can be seen from the regression analysis that tested the direct effect of the KI variable. against the DPR, the result was 6,442. This result is in line with the results of research from Ulfah, (2014) and Yadav, (2014) which states that institutional ownership has no influence on dividend policy in determining the size of the DPR. However, the results of this study are not in line with the results of other studies from Hengky Sulaiman & Sumani, (2013) which states that institutional ownership has an influence on dividend policy, where the influence is negative. According to research results Wicaksono (2014) with institutional share ownership by institutions in a company, it can improve the supervisory mechanism and encourage the company's managerial performance and minimize dividend policies that do not benefit shareholders but only lead to the company's managerial profits.

Institutional ownership of a company can encourage improved management performance, because share ownership represents one of the powers that can be exercised to encourage or vice versa the performance of management. The supervision carried out by institutional investors is quite dependent on the size of the investment made by (Rais Bella Novianti & Hendra F. Santoso, 2017). The existence of institutional ownership can increase good oversight for the performance of the management. Institutional ownership is also a way to minimize agency costs because those who own shares can appoint managers to manage the company in the hope of increasing the value of the company and the welfare of the shareholders.

Institutions generally have the majority of shares in the company, so they have greater power than other shareholders, especially in controlling and supervising the actions of the company's management. This is because managers must know which priorities are more important, namely the interests of shareholders or the interests of managers to increase company growth. Lack of supervision by institutional investors on company management makes company managers act opportunistically which causes differences in interests with shareholders so that every company policy will be directed to maintain managerial interests. Managers will tend to allocate earnings on retained earnings for their investments to expand their business rather than paying dividends because internal sources of funds are more efficient than external sources of funds. So that institutional ownership cannot affect the number of dividends to be distributed to shareholders. These results are relevant to research (Ismiati, 2017), which states that institutional ownership has no significant effect on the dividend payout ratio.

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Effect of Profitability (ROA) on Dividend Policy (DPR)

From the partial test, the result of t count is 2.071 > from t table 1.99125 with sig value. 0.033 < 0.05, so H2 is accepted. These results mean that the profitability variable measured using ROA has a positive and significant effect on the Dividend Policy (DPR) variable. However, the results of this study are not in line with the results of this study by Karlinda Jalung, (2017) in Bank sub-sector companies, ROA has no effect on dividend policy (DPR). The results of this study are in line with the theory according to Kasmir (2012: 201) ROA gives a fairly good measure of the company's profitability because it shows the effectiveness of management when using assets to gain profits or income. With the results of the regression ROA has a positive and significant effect, which is equal to 0.081 with a significance of 0.033. Which means that the more ROA, the higher the dividend policy (DPR) in distributing dividends.

Profitability is the company's expertise to gain profit (profit) at the level of sales, assets, and certain share capital (Baramuli, 2016) Profitability includes a company's ability to earn a profit every certain period. Managerial performance in each company can be interpreted as good if the level of profitability of the company that is managed is good or for other purposes maximum, where the profitability is usually always assessed by means of the profits earned by the company compared to the number of estimates that can be used as benchmarks for the success of the company including the number of company assets or sales. investment, so that the effectiveness of financial and asset management by the company can be understood (Baramuli, 2016).

ROA shows the company's expertise when generating profits on the assets used. This ratio measures how much profit can be obtained and invested in a company or asset efficiency (Jalung, 2017). Return On Assets (ROA) in the journal by (Agus, 2016) gets the results (return) on the total assets used in a company. In addition, ROA provides a fairly good measure of the company's profitability because it shows the effectiveness of management when using assets to generate income. The greater the ROA, the greater the dividend payment may become.

The Effect of Corporate Growth (GROWTH) on Dividend Policy (DPR)

The third hypothesis (H3) in this study is that company growth has no effect on dividend policy. However, the results of the t-test hypothesis test, stated otherwise. The results of the t-test of the GRWT variable get results which state that company growth (GRWT) has a positive influence on dividend policy (DPR). It can be seen from the t arithmetic value of -2.685 > from the t table 1.99125 with a sig value. of 0.046 < 0.05.

The results of this t-test are not in line with research by (Swastyastu, 2014) which states that Growth does not affect the DPR. However, this study is in accordance with the results of research by Edward Marfo & Samuel Kwaku (Determinants of Dividend Policy of Banks in Ghana) which states that growth has a negative effect on dividend policy. From the results of the t-test, it can be seen that the t-count value is -0.2685, this means that the company's growth variable has a negative (-) effect on dividend policy. Likewise with the results of the regression analysis of -0.110. It can be concluded that if the company wants the company's growth to increase and get better, one of the dividend policies taken is to reduce the amount of dividends distributed to meet the needs of funds used to achieve the company's desired growth target.

Company growth is the company's ability to improve the company from time to time or survive with the company's position. The company's growth can be assessed from the company's total assets, the higher the assets owned by the company can increase operating results and increase profits. The company's growth has a fairly good relationship with profit because profit can be used as a measuring tool to assess a company's growth or decline. Company growth in pecking order theory has a good relationship with funding decisions. In this case, companies with fast company growth will certainly rely on external funds (Aprilia, 2017).

The issuer's decision to increase growth (Growth) can affect the availability of funds for the issuer. This is because when the company chooses to grow, the issuer must raise funds as a cost for its growth needs. The theory of free cash flow hypothesis (Sulaiman Hengky & Sumani, 2013) also means that those with good growth must have worse free cash flow because they invest in projects with a positive Net Present Value (NPV).

Effect of Debt Ratio (DER) on Dividend Policy (DPR)

The third hypothesis (H3) in this study is that company growth has no effect on dividend policy. However, the results of the t-test hypothesis test, stated otherwise. The results of the t-test of the GRWT variable get results which state that company growth (GRWT) has an influence on dividend policy (DPR). It can be seen from the t arithmetic value of -2.685 > from the t table 1.99125 with a sig value. of 0.046 < 0.05. Likewise with the results of the regression analysis of -0.110. It can be concluded that if the company wants the company's growth to increase and get better, one of the dividend policies taken is to reduce the amount of dividends distributed to meet the needs of funds used to achieve the company's desired growth target.

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The results of this t test are not in line with the research of Swastyastu, (2014) which states that Growth does not affect the DPR. However, this study is in accordance with the results of research by Edward Marfo & Samuel Kwaku (Determinants of Dividend Policy of Banks in Ghana) which states that growth has a negative effect on dividend policy. The lower the debt level of the company, the higher the company's ability to pay all its obligations to creditors and the higher the company's ability to fulfill its obligations to shareholders.

Debt to Equity Ratio (DER) is a ratio used to show the ratio of debt to equity (Jalung, 2017). The company's debt ratio in the form of Debt Equity Ratio (DER) explains the company's capacity to fulfill all its obligations as shown by some parts of its own capital used to pay debts. This indicates that a company with strong prospects (superior product market position, high market demand for its products) can be one of the criteria that can give confidence to debtors to lend some funds. However, the greater the proportion of debt used for the capital structure of a company, the greater the amount of liabilities (Pamungkas *et al*., 2017)

CONCLUSIONS, IMPLICATIONS, SUGGESTIONS AND LIMITATIONS OF THE RESEARCH (5%)

Conclusion

Based on the results of the research that has been carried out, five conclusions were reviewed, namely as follows (1) The results of hypothesis testing indicate that the KI variable has no influence on dividend policy (DPR). With institutional ownership of shares by institutions in a company, it can improve the supervisory mechanism and encourage the company's managerial performance and minimize dividend policies that do not benefit the shareholders but only lead to the company's managerial profits. However, simultaneously with other independent variables, this institutional ownership variable has a positive effect of as much as on dividend policy (DPR). (2) Profitability has a positive effect on dividend policy on the test results. Which means that the higher the level of ROA, the results obtained from asset operational activities are higher and the profits generated are also higher, thus enabling the dividend policy (DPR) in distributing dividends to also be higher. (3) Company growth (Growth) has a negative effect on dividend policy. From the test results, it can be concluded that if the company wants the company's growth to increase and get better, then the dividend policy that is taken is to reduce the amount of dividends distributed to meet the needs of funds used to achieve the company's desired growth target. (4) The debt ratio has a negative effect on dividend policy. If the debt burden is large, it means that the company's ability to distribute dividends is getting smaller, therefore DER has a negative relationship with the dividend payout ratio (DPR). (5) Institutional ownership, profitability, company growth and debt ratio simultaneously affect dividend policy. The influence of the four independent variables Suggestions on dividend policy in this study are positive and negative.

Suggestions

This research is expected to be a reference for further research. In further research, it is necessary to add other variables that could influence dividend policy, including investment opportunities, company size, free cash flow and corporate taxes. Variables that do not affect this study can be used as a reference for further research to see their effect on other policies that exist in the company.

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