

The Influence of Managerial Ownership, Debt to Equity Ratio, and Return on Assets on Dividend Policy in Building Construction Sub-Sector Companies Listed on the Indonesia Stock Exchange

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Article Info	Abstract
Received June 19, 2023	<i>This study aims to determine the effect of managerial ownership, Debt to Equity Ratio (DER), and Return On Assets (ROA) on Dividend Policy. The population in this study is the Building Construction Sub Sector Companies listed on the Indonesia Stock Exchange, totaling 18 companies. The method of determining the sample using purposive sampling, there are 7 companies for 5 periods with a total sample of 35 data. The type of data is secondary data, namely financial reports in 2017-2021. The results of the study show that the Debt to Equity Ratio has an effect on dividend policy, while managerial ownership and Return On Assets have no effect on dividend policy..</i>
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INTRODUCTION

Economic development has become a trigger for companies to be able to manage their finances well, especially regarding funding decisions. One of the funding sources that companies can apply is by launching shares on the Indonesia Stock Exchange. The investment obtained is expected to support the company's operations and provide feedback to investors, in the form of dividends (Wijaya, 2021). Dividend distribution follows the amount of profit. Dividends can be predicted through changes in profit, because they can reflect the company's financial performance (Siregar & Hasanah, 2019). The following is Return On Assets (ROA) and DPR data in Lubis' research (2020), in building construction companies: The introduction contains a brief and concise research background as intended. There is no theoretical support in this section, but it can be quoted from previous similar studies using an appropriate method.

Tabel 1. Data Rasio (ROA) dan DPR pada Perusahaan Konstruksi Bangunan Periode 2017-2019

Kode Emiten	Tahun	ROA	DPR
PTPP	2017	0,041	0,211
	2018	0,037	0,193
	2019	0,020	0,323
WEGE	2017	0,064	0,146
	2018	0,075	0,127
	2019	0,074	0,295
WIKA	2017	0,030	0,253
	2018	0,035	0,139
	2019	0,042	0,151

Sumber: www.idx.co.id, data diolah

Based on table 1, PT Pembangunan Perumahan Tbk (PTPP), ROA from 2017-2019 continues to experience a periodic decline. Meanwhile for the DPR, in 2017-2018 there was also a decrease, while in 2018-2019 it experienced an increase. PT Wijaya Karya Gedung Gedung Tbk (WEGE) experienced changes in ROA and DPR, in 2017-2018 ROA increased, but DPR decreased. Whereas in 2018-2019 ROA decreased, but the DPR increased. At PT Wijaya Karya (Persero) Tbk (WIKA) from 2017-2019 ROA continued to increase. Meanwhile for the DPR, in 2017-2018 there was a decrease, while in 2018-2019 it experienced an increase. Table 1 explains the inverse relationship between ROA and dividends.

Managerial Ownership (KM) is defined as the percentage of shares owned by management such as directors, commissioners and managers who are involved in making decisions (Triyana and Anhar, 2020). Large share ownership encourages management to maximize its performance, so that it has a good impact on the amount of dividend distribution (Kusumaningrum, 2021). Prihatini et al (2018) show that management ownership has an effect on dividend policy. Meanwhile, Firdaus et al (2020) stated that management involvement did not affect the dividends distributed.

The Debt to Equity Ratio (DER) is a comparison of the company's estimated assets shown by financing from debt or equity (Wulansari et al, 2020). A high DER value illustrates a bad condition for the company, due to the inability of capital to pay off debt, resulting in a reduction in dividend payments (Sidebang et al, 2022). Miranti et al (2021) proved that DER has a negative effect on dividend decisions. These results contradict Lubis' research (2020), which explains that DER does not affect dividend

decisions.

Return On Assets (ROA) is a measuring tool to determine the company's effectiveness in obtaining profits through its assets (Masruroh, 2020). The high ROA indicates that the company's financial position is getting better, so that it can have an impact on increasing the dividends paid (Wulandari and Simamora, 2022). Sofariah et al (2022) proved that ROA has an effect on dividend distribution. However, it is different from the research by Kurnia et al (2019) which states that there is no relationship between ROA and dividend distribution.

LITERATURE REVIEW

Signal Theory

Signal theory explains management's perception of the company's future growth, which will affect the response of potential investors to the company. Signals can be in the form of information about what the company has done to realize the wishes of the owner. The information issued by the company is in the form of relevant financial statements for investors to know (Bergh et al., 2014)).

Dividend policy

Dividend policy is the method by which companies make dividend decisions. Decisions in determining profits will be distributed as dividends to investors, or retained earnings to finance future investments. Dividend policy has a big impact on companies and investors. Investors generally want a stable dividend distribution, because it reduces uncertainty about the expected results of the investments made (Yulianti, 2020).

Managerial ownership

Managerial ownership is a number of share ownership owned by internal companies (Novianto and Asandimitra, 2017). Shareholders as parties who actively play a role in making company decisions, for example directors, managers and commissioners (Pur Mintasari, 2020). Managerial ownership is measured by comparing the level of managerial share ownership with the number of outstanding shares (Rusdiyanto, 2019)

Debt to Equity Ratio (DER)

Debt to Equity Ratio is the overall comparison of total debt with total equity in the company's funding by showing the ability of the company's own capital to

win fulfill all the obligations that are owned. DER is a ratio that shows the relationship between the amount of long-term and short-term loans given by creditors and the amount of own capital provided by the bank own shares (Pambayun and Sulasmiyati, 2017).

Return On Assets (ROA)

Return On Assets is the ratio used to measure a company's ability to generate profits by using all of its assets (Masruroh, 2020). Return On Assets is the ratio used to measure a company's effectiveness in generating profits for investors and the company's success in generating profits from all of its assets. A large percentage of ROA indicates that the company's performance is efficient (Siregar & Hasanah, 2019)

RESEARCH METHODS

Population and sample

The population of this study are building construction companies listed on the Indonesia Stock Exchange (IDX) for 2017-2021, a total of 18 companies. The sample used is the annual financial reports of building construction sub-sector companies for the 2017-2021 period listed on the Indonesian Stock Exchange (IDX) with a total of 7 companies (35 data observations).

Sampling technique

The sampling technique used purposive sampling technique. Sampling criteria are:

1. Building construction sub-sector companies listed on the Indonesia Stock Exchange in 2017-2021.
2. Building construction sub-sector companies that have published complete financial reports consecutively for 2017-2021.
3. Companies in the building construction sub-sector that distributed cash dividends consecutively during 2017-2021.
4. Building construction sub-sector companies that did not suffer losses during 2017-2021.

Tabel 2. Daftar Perusahaan Sub Sektor Konstruksi Bangunan yang dijadikan Sampel

No.	Kode Emiten	Nama Perusahaan
1.	NRCA	Nusa Raya Cipta Tbk
2.	PBSA	Paramita Bangun Sarana Tbk
3.	PTPP	PP (Persero) Tbk
4.	SKRN	Superkrane Mitra Utama Tbk
5.	TOTL	Total Bangun Persada Tbk
6.	WEGE	Wijaya Karya Bangunan Gedung Tbk
7.	WIKA	Wijaya Karya Tbk

Sumber: www.idx.co.id, data diolah

RESULTS AND DISCUSSION

RESULTS

1. Classical Assumption Test

a. Normality test

Tabel 3
Hasil Uji Normalitas

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		35
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.56010763
Most Extreme Differences	Absolute	.207
	Positive	.207
	Negative	-.155
Kolmogorov-Smirnov Z		1.222
Asymp. Sig. (2-tailed)		.101

Sumber: Data SPSS diolah

Table 3 shows a significance of 0.101. Significant value of $0.101 > 0.05$, it can be said that the residual is normal.

b. Multicollinearity Test

Tabel 4
Hasil Uji Multikolinearitas

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	KM	1.000	1.000
	DER	.902	1.108
	ROA	.903	1.108

Sumber: Data SPSS diolah

Table 4 states the VIF value on the independent variables, namely KM is $1.000 < 10$, DER is $1.108 < 10$, and ROA is $1.108 < 10$ and the tolerance value for KM is $1.000 > 0.10$, DER is $0.902 > 0.10$, and ROA is $0.903 > 0.10$. The results prove that there is no multicollinearity.

c. Heteroscedasticity Test

Tabel 5
Hasil Uji Heteroskedastisitas
Coefficients^a

Model		t	Sig.
1	(Constant)	2.454	.020
	KM	-.004	.997
	DER	-1.942	.061
	ROA	.316	.754

Sumber : Data SPSS diolah

Table 5 shows that the heteroscedasticity test with the Glesjer test obtained a significance level for each model > 0.05 , so that the three data were declared free of heteroscedasticity symptoms.

d. Autocorrelation Test

Tabel 6
Hasil Uji Autokorelasi
Model Summary^b

Model	Durbin-Watson
1	2.070

Sumber : Data SPSS diolah

Table 6 provides evidence of the Durbin-Watson Test (DW), yielding a value of 2.070 with a significant level of 5%. The number of samples (n) = 35 and the number (k) = 3. The value of $dU = 1.6528$ and $4-dU = 2.3472$, so the results ($2.070 > 1.6528 > 2.3472$) prove that they meet the criteria for no autocorrelation.

2. Multiple Linear Regression Test

Tabel 7
Hasil Uji Regresi Linear Berganda
Coefficients^a

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	.934	.316
	KM	1.062	1.194
	DER	-.335	.141
	ROA	1.427	3.518

Sumber : Data SPSS diolah

Table 7 obtained a value of 0.934. Thus, the form of the regression equation model is made as follows:

$$Y = 0,934 + 1,062 (X_1) - 0,335 (X_2) + 1,427 (X_3) + e$$

3. Hypothesis Test

a. Partial Test (t-test)

Tabel 8
Hasil Uji - t
Coefficients^a

Model		t	Sig.
1	(Constant)	2.955	.006
	KM	.890	.380
	DER	-2.367	.024
	ROA	.406	.688

Sumber : Data SPSS diolah

The following conclusions can be drawn from the data above:

1) Significant value. KM with a value of 0.380 > 0.05, it is concluded (H1) has no effect on dividend policy.

2) Significant value. DER with a value of 0.024 < 0.05, it is concluded (H2) has an effect on dividend policy.

3) Significant value. ROA with a value of 0.688 > 0.05, it is concluded (H3) has no effect on dividend policy.

b. Simultaneous Test (F-test)

Tabel 9
Hasil Uji – F
ANOVA^a

Model		F	Sig.
1	Regression	7.370	.001 ^a
	Residual		
	Total		

Sumber : Data SPSS diolah

Table 9 shows the F-count value obtained 7.370 with a significance of 0.001 <0.05. So, all of the three variables simultaneously have an influence on the dividend policy as measured by the DPR.

c. Determination Coefficient Test (R²)

Tabel 10
Hasil Uji Koefisien Determinasi
Model Summary^b

Model	R	R Square	Adjusted R Square
1	.451 ^a	.204	.127

Sumber : Data SPSS diolah

Table 10 explains that the Adjusted R square (R²) is 0.127 or 12.7%, while the remaining 87.3% is influenced by other variables.

DISCUSSION

1. The Effect of Managerial Ownership (KM) on Dividend Policy

Managerial ownership has no effect on dividend policy. These results support the research of Triyana and Anhar (2020) and Purnomo and Riduwan (2021). The size of share ownership owned by managers does not affect the amount of dividends distributed. Dividend distribution is based on the amount agreed upon by the General Meeting of Shareholders (GMS), taking into account the equal profit between the company and shareholders from both management and investors.

2. Effect of Debt to Equity Ratio (DER) on Dividend Policy

DER has an effect on dividend policy. This research is in line with the research of Hapsari and Fidiana (2020). A high DER value indicates that the company has high obligation to meet the company's needs. These conditions can reduce the company's ability to distribute dividends (Purnomo and Riduwan,

2021). A high amount of company liabilities can affect company profits, because most profits are prioritized as reserves for repayment of obligations rather than dividend payments. However, if the company's liabilities are low, most of the profits are used to prosper investors through dividend distribution (Thaib and Taroreh, 2015).

3. Effect of Return On Assets (ROA) on Dividend Policy

Return On Assets has no effect on dividend policy. This research is in line with Novianti and Amanah (2017). Dividend distribution is not always influenced by ROA, especially for companies that have been around for a long time and are in the stage of maintaining financial stability or developing investments. If ROA decreases, dividend distribution can use retained earnings. Dividend distribution does not depend on the amount of ROA achieved, but is based on the amount agreed upon by the General Meeting of Shareholders (GMS) (Sejati et al, 2020).

CONCLUSION

Managerial ownership has no effect on dividend policy. Because. Dividend distribution is based on the amount agreed upon by the General Meeting of Shareholders (GMS).

Debt to Equity Ratio has an effect on dividend policy. A high amount of company liabilities can affect company profits, because most profits are prioritized as reserves for repayment of obligations rather than dividend payments.

Return On Assets has no effect on dividend policy. Dividend distribution is not always influenced by ROA, especially for companies that have been established for a long time and are in the stage of maintaining financial stability or developing investments.

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