Management Analysis Journal 7 (3) (2018)

Management Analysis Journal

http://maj.unnes.ac.id

THE INFLUENCE OF FAMILY CONTROLLED, FAMILY LEADERSHIP AND PROFITABILITY TO DIVIDEND POLICY

Anis Rochana✉, **Andhi Wijayanto**

Management Department, Faculty of Economics, Universitas Negeri Semarang, Semarang, Indonesia

Info Article

History Article:
Received July 2018
Approved August 2018
Published September 2018

Keywords:
Dividend Policy; Family Leadership; Family Member; Family Owneship; Profitability.

Abstract

The aim of this study was to examine the effect of family controlled, family leadership and profitability towards dividend policy (study on familyfirm-listed on Indonesia Stock Exchange period 2012-2016). The population in this study was family company listed on Indonesia Stock Exchange period 2012-2016. The number of samples obtained based on purposive sampling technique as many as 20 companies. The Result of hypothesis test showed that family ownership had negative effect on dividend policy. Family member had negative effect on dividend policy. Family leadership had positive effect on dividend policy. Profitability had negative effect on dividend policy. So, it can be concluded that firms which were led by CEOs who came from family member often tend to distribute dividends.

Abstrak

Tujuan dari penelitian ini adalah untuk menguji pengaruh family controlled, kepemimpinan keluarga dan profitabilitas terhadap kebijakan dividen (studi pada perusahaan keluarga yang terdaftar di Bursa Efek Indonesia periode 2012-2016). Populasi dalam penelitian ini adalah perusahaan keluarga yang terdaftar di Bursa Efek Indonesia periode 2012-2016. Jumlah sampel yang didapatkan berdasarkan teknik purposive sampling sebanyak 20 perusahaan. Hasil dari uji hipotesis menunjukkan bahwa family ownership berpengaruh negatif terhadap kebijakan dividen. Family member berpengaruh negatif terhadap kebijakan dividen. Kepemimpinan keluarga berpengaruh positif terhadap kebijakan dividen. Profitabilitas berpengaruh negatif terhadap kebijakan dividen. Dengan demikian, dapat disimpulkan bahwa perusahaan yang dipimpin oleh CEO yang berasal dari anggota keluarga cenderung lebih sering membagikan dividen.

ISSN 2252-6552

✉ Correspondence Address:
L2 Building, 1st Floor, Faculty of Economics, Universitas Negeri Semarang
Jalan Taman Siswa, Sekaran, Gunungpati, Semarang, 50229
E-mail: anisrochana123@gmail.com

INTRODUCTION

Claessens et al. (1999) found that from 178 firms in Indonesia there were 67% firms owned by family ultimately (single) through pyramid ownership structure. Firms which are controlled by the family are the main feature of firms in Indonesia (Wijayanti, 2014). The family firm is a company which is established, owned, controlled and run by a group of people who have blood or marital relationships and own majority of shares in the company (Komalasari & Nor, 2014).

Price (2014) in Family Business Survey 2014 states that company is called as family company if the majority of votes are in founder hands or someone who is acquired the company (or spouse, parent, child or heir); there is at least one family representative involved in the management or administration of the company; for public company (Tbk), founder or someone who is acquiring the company (or family) owns 25% rights upon the company through investment and at least one family member in management (board).

The involvement of family members in company management cause decision making within the family firm can be quite flexible and company bureaucracy is not too complicated (Cahyani & Sanjaya, 2014). The separation of ownership and control of the company led to agency relationship (Pratiwi & Yulianto, 2017). Komalasari and Nor (2014) in their research state that family ownership tends to be concentrated and not diversified so that the dominant control is in the hands of certain families, where such dominant control can be obtained through CEO's position, director and commissioner. Ownership structure which concentrated in the family causes the family company to tend to minimize agency problem within the company, because, the owner generally also acts as manager, so there is no conflict between the manager and the owner of the company (Demsetz & Villalonga, 2001).

Agency problems tend to occur in developing countries including Indonesia because of the lack of legal protection to investors or shareholders (Yulianto, 2013). In reality, agency problem arises because the appointment of managers by shareholders to manage the company and that the appointment of managers by shareholders often faces problems because it against with personal goals of the manager (Astuti et al., 2015). Management often uses funds which should be used to pay dividends, but it is used for excessive investments (Lucyanda, 2012). Bhaumik et al. (2010) also state that family ownership will reduce agency problems by appointing managers that are still in line with an ownership interest. The concentrated ownership structure causes family as controlling shareholder influence in determining company policy, where one of the important policies in the company is dividend policy (Cahyani & Sanjaya, 2017).

Dividend policy is a decision to determine how much of company's earnings that will be given to shareholders that are reinvested or held in the company (Anita and Yulianto, 2017). Dividend policy is a financial decision that is by considering whether dividend payout will increase shareholder wealth (Cahyaningdyah & Ressany, 2012). Dividend policy will give a positive effect on a company's performance (Prasetyo, 2013). Dividend policy taken by the company which has been going public becomes very important because it will cause investor perception towards the company, the wrong policy will cause bad perception (Sari & Wijayanto, 2014).

The distribution of interim dividends is determined based on the Board of Directors' decision after obtaining approval from the Board of Commissioners. Bethel et al. (1998) state that family control as authority to make company decisions which related to operations and strategic planning, capital allocation, acquisitions and divestments, top personnel decisions, major marketing, production and financial decisions. Dividend policy cannot be separated from conflicts which occur among stakeholders who play a role in making the decision. (Erfiana & Ardiansari, 2016).

The existence of CEO and top management which come from family indicates that there is active family management so that the family will be easier to control the company in order to match with owner's interest (Komalasari & Nor, 2014). In Indonesia, CEO is better known by the term of director (Adiasih & Kusuma, 2012). This is because Indonesia adheres to two tiers management system, where corporate power is divided into 2 (two) management groups, Board of Commissioners who led by president commissioner or principal commissioner and Board of Management (Board of Directors) who led by president director or chief director (Machfoeds, 2011).

Based on companies'financial statements listed on the Indonesia Stock Exchange period 2012-2016 about the growth of companies with family ownership and companies that distributed dividend can be presented in Figure 1.

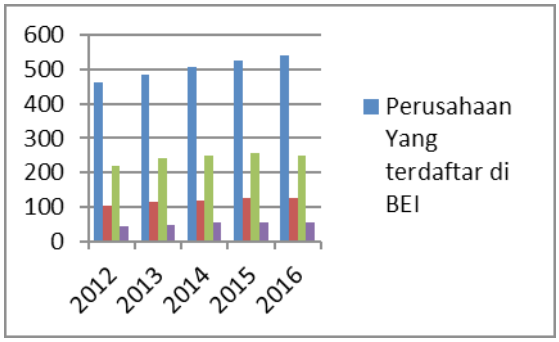

Figure 1. The Growth of Companies with Family Ownership and Dividend Distribution in 2012-2016

Based on Figure 1, indicates there's growth of the company with family ownership during the last 5 (five) years that was in 2012-2016. This is followed by the increase in family companies that dividend each year. The existence of dividend distribution in company indicates that there's agency conflict within the company, this in line with Arifin (2003) who states that management tends to increase the dividend in order to reduce the agency problem. This phenomenon is not in line with Bhaumik et al. (2010) who argues that family ownership will reduce agency problems by appointing managers who are still in accordance with the owner's interest.

Research about Family Controlled, Family Leadership and Profitability to dividend policy has been widely conducted by many researchers. But the results of those research seem inconsistent. Research conducted by Isakov and Weisskopf (2014) showed that family firms had high dividend payout rates. This research is supported by research conducted by Setia-Atmaja et al. (2009), Yoshikawa & Rasheed (2010), Schmid et al. (2010) and Setianto and Sari (2017). Meanwhile, another result is shown by Reyna (2017) who showed that on family firms in the property sector in Mexico had a negative effect on dividend policy. Reyna's research (2017) is supported by research conducted by Atmaja (2017).

Meanwhile, the results of research about profitability variable are also still inconsistent. Thaib and Taroreh (2015) in his research stated that profitability had a positive effect on dividend policy. This research is in line with research conducted by Sari (2011) and Safrida (2014). Whereas, research conducted by Fadli (2017) pointed out that profitability did not have an effect on dividend policy. This research added variables such as leverage control, firm size and growth.

Based on the background which has been described above, the purpose of this research is to examine the effect of family ownership, family member towards dividend policy and to examine dividend payout at companies which averagely are led by family and to examine the negative effect of profitability towards dividend policy.

Hypotheses Development

The Effect of Family Ownership on Dividend Policy

Family ownership has two unique features that are commonly used to control companies of a family member which incorporated in company management having a significant portion of their invested shares in the company and usually, the family wants to maintain the control of the company (Isakov & Weisskopf, 2014). Therefore, family member will not sell their shares to diversify their wealth, so they will rely on dividend payouts and demand higher payments to meet their needs (Atmaja 2017). The higher the family ownership, the higher the dividend payout rate that is required to meet the income needs of the family (Isakov & Weisskopf, 2014).

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

The Effect of Family Member on Dividend Policy

Family involvement potentially can decrease or increase the agency problem in a business. The existence of majority ownership will possibly lead to interest conflict between majority shareholders and minority shareholders (Azwari, 2016). Isakov and Weisskopf (2015) stated that based on the income needs factor, family as controlling shareholder depended on the dividend as a source of income, so the higher the family member then, the higher the dividend payment rate which is demanded because there are more family members who had to be born. Family Members had a positive effect on dividend policy (Setianto & Sari, 2017).

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

The Effect of Average of Family Leadership on Dividend Policy

Komalasari and Nor (2014) stated that one of the characteristics that inherent in family firms is the desire for company leadership is held by family members. The presence of family members within the company causes suppressed on agency problems because in general, the owner acts also as a manager, so there is no conflict between manager and owner of the company (Demsetz & Villalonga, 2001).

The existence of CEO and top management who comes from family indicates that there's active family management, so it will be easier for a family in controlling the company in order to match the interest of owner (Komalasari & Nor, 2014). Anderson and Reeb (2001) in his research mentioned that CEO who came from family, descendants of founders, had a positive effect on company profitability.

Sudana and Aristina (2017) pointed out that Chief Executive Officer (CEO) or in Indonesia often referred as President Director is the person who holds the highest position in the Company's operational activities, is responsible for strategic plans and decisions as well as liaison between internal and external parties. One of the important decisions in the company is the dividend policy (Cahyani & Sanjaya, 2017).

H3: Companies with family leadership have a high rate dividend payout.

The Effect of Profitability on Dividend Policy

Profitability is a measurement of income or income available to the company owner upon the capital that they invest in the company (Yudiana&Yadnyana, 2016). At a high level of profitability, the company will allocate low dividends (Jensen et al., 1992). This is in line with Pecking Order theory which revealed by Myers and Majluf (1984) which states that the primary source of company's capital must first come from the results of company's business in the form of net profit after tax which is not distributed to the owners of company or shareholders.

H4: Profitability has a negative effect on dividend policy.

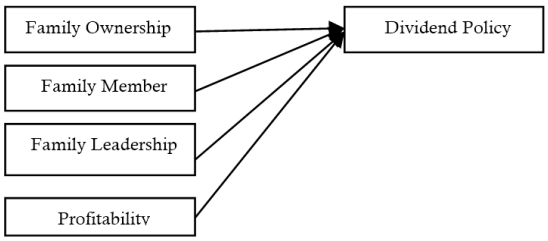

Figure 2. Research Model

METHOD

This research is quantitative research which aims to examine the effect of family controlled, family leadership and profitability on dividend policy. The design of this study was causal research. The casual research design is used to measure the relationship between research variables (Umar, 2002).

The population in this study was all family companies listed on the Indonesia Stock Exchange period 2012-2016 as much as 350 companies. Sampling technique used in this research was purposive sampling with several criteria, so that obtained 100 observations. The sampling criteria will be further described in the Table 1.

Table 1. The Sampling Criteria based on Purposive Sampling Technique

No	Criteria	Total
1.	Companies which listed on Indonesia Stock Exchange period 2010-2016	539
2.	Companies which listed on Indonesia Stock Exchange period 2010-2016 financial sector	(189)
3.	Companies that did not have a family ownership structure	(215)
4.	Family firms that did not publish complete financial statements consecutively at the period 2010-2016	(38)
5.	Family firms that did not distribute dividends consecutively at the period 2010-2016	(77)
	Total Sample	20
	Duration of Observation	5
	Total Observation	100

Research Variables

This research used three variables: independent variable, dependent variable and the control variable.

Dependent Variable

The dependent variable in this research was dividend policy. Dividend policy in this research was measured by Dividend Payout Ratio (DPR). Dividend Payout Ratio is the percentage of cash dividend which is paid to shareholders against company net income (Wijayanti, 2014). DPR can be calculated by the following formula:

$$DPR = \frac{Dividend\ per\ Share}{Earning\ per\ Share}$$

Independent Variable (X)

Family Ownership (X1)

Family ownership variable is measured by the proportion of shares (above 5%) held by the family at the end of the year which is presented

in the form of a percentage (Fardani & Mardani, 2017).

Family Member (X2)

A family member is measured by calculating the percentage of the number of family member in board of directors' composition and commissioners divided by the total number of members of the board of directors and commissioners (Hu, Wang, & Zhang, 2007).

Family Leadership (X3)

Family leadership variable is measured by a dummy variable, which would be worth 1 if the CEO or chief director of the company is from founding family member and would be worth 0 if the CEO or chief director of the company is not from founding family member (Anderson & Reeb, 2001).

Profitability (X4)

Profitability variables proxied by using Return on Investment (ROI) value. The formula used is as follows:

$$ROI = \frac{Earning\ After\ Interest\ and\ Tax}{Total\ Investment}$$

Control Variables

Firm Size

The firm size control variable is measured by the following formula (Ridhloah, 2010):

Size = Ln (Total Aset)

Leverage

Leverage control variable in this research is measured by the following formula (Muslich, 2003):

$$Leverage = \frac{Total\ Debt}{Total\ Assets}$$

RESULT AND DISCUSSION

Descriptive Statistics Analysis

The result of descriptive analysis can be presented in table 1. Based on descriptive statistics analysis test in Table 1, can know some information such as mean or average value, maximum or highest value, minimum or lowest value and standard deviation.

The mean value of dividend policy which is proxied by DPR during the period of study is 0.526 indicates that the net income used by the company to pay dividends is 52.6. While the standard deviation value of DPR is 0.79. The standard deviation value is greater than the mean value; it indicates that there is still data deviation against its mean value, means that there is still extreme data that may cause bias on results of the research. The lowest value is 0,0086 or 0.86% is in PWON issuer, while the highest value is 5.00 or 500% that is in BMTR issuer.

The mean value of family stock ownership in the period of study is 0.524 which indicates that the average percentage of family stock ownership in the company is 52.4% and its' standard deviation is 0.19 where standard deviation value is smaller than the mean value. This indicates that the data deviation against its' mean value is low, so there is no extreme data which can cause bias on the research results. The minimum value is 0.064 indicates that the lowest percentage of family ownership is 6.4% that is in SIMP issuer. The maximum value is 0.842 indicates that the highest percentage of family ownership is 84.2% that is in MYOR issuer.

The mean value of the proportion of total family members who joined in company management is 0.263 which indicates that the mean percentage of family members who joined in company management is 26.3%. While its deviation value is 0.135 where the standard deviation value is smaller than its' mean value. This indicates that data deviation against its mean value is low, so

Table 1. Descriptive Statistics Analysis

	DPR	FO	FM	KK	ROI	LEV	SIZE	GROWTH
Mean	.526412	.524726	.263826	.730000	7.720211	1.234800	13.590480	.247550
Median	.339560	.591000	.230769	1.000000	7.040000	.975000	14.294580	.095972
Maximum	5.000000	.842900	.600000	1.000000	24.030000	3.650000	28.488030	14.063150
Minimum	.008617	.064500	.058824	.000000	.037100	.140000	7.349874	-.264018
Std. Dev.	.792613	.197026	.135892	.446196	4.674478	.871489	3.568064	1.402347
Observations	100	100	100	100	100	100	100	100

there is no extreme data which can cause bias in the research results. The minimum value is 0.058 indicates that the lowest percentage of family members who joined in company management is 5.8% that is in LSIP issuers. The maximum value is 0.60 indicates that the highest percentage of family members who joined in company management is 60% that is in JTPE issuer.

The mean value of family leadership is 0.73 indicates that 73% of family firms place their families as CEO of the company. While the standard deviation value is 0.446 is smaller than its' mean value, this shows that the data deviation against its mean value is small, so the data will not cause bias on the research results. The family leadership variable (KK) is a dummy variable so that the maximum value in this variable is 1 and the minimum value is 0.

The mean value of company profitability which is measured by using ROI in the research period is 7,720 which indicates that the average profit obtained by the company is 7,720 or 772%. While its' standard deviation value is 4.67 where standard deviation value is smaller than its' mean value. It indicates the data deviation against its' mean value is low, so there is no extreme data which can cause bias in the research results. The minimum value is 0.037 indicates that profitability value measured by the lowest ROI is 0.037 or 3.7% which is on PANRissuer. The maximum value is 24.03 indicates that the highest ROI value is 24.03 that is on SMSM issuer.

The mean value of leverage on the research period is 1,234 indicates that the average use of debt is 1,234 or 123,4%. Whereas, the standard deviation value is 0.87 where the standard deviation value is smaller than its' mean value. This indicates that data deviation against its' mean value is low, so there is no extreme data which can cause bias in the research results. The minimum value of leverage is 0.14 that is on EMTK issuer. The maximum value of leverage is 3.65 that is on AMRT issuer.

The mean value of firm size is 13.59 indicates that the average assets owned by the company are 13.59. While its' standard deviation value is 3.568 where the standard deviation value is smaller than its mean value. This indicates that the data deviation against its mean value is low, so there is no extreme data that can cause bias in the research results. The minimum value of firm size is 7.349 that is on SMS issue. The highest value of firm size is 28.488 that is on the TGKA issuer.

The mean value of sales growth is 0.247 indicates that the average of sales growth during the research period is 0.247 or 24.7%. While the standard deviation value is 1.402 where the standard deviation value is smaller than its' mean value. This indicates that the data deviation against its mean value is low, so there is no bias in the research results. The lowest value of sales growth is -0.264 that is on GPRA issuer. The highest value of sales growth is 14,063 that is on TGKA issuer.

Table 2. The Result of Normality Test Model I

	Value
JB Statistic	3.352154
Probability	.187107
Chi-Square tabel (df=4)	9.48773

Based on the result of normality test model I above, it can be seen that Jarque-Bera probability value is greater than its significance value (0.187107 > 0.05) and Jarque-Bera value (JB) is smaller than Chi-Square table value (3.352154 < 9.48773). It means that H0 is accepted while Ha is rejected which means that data in this study is normal.

Table 3. The Result of Normality Test Model II

	Value
JB Statistic	2.401510
Probability	.300967
Chi-Square tabel (df=7)	14.067100

Based on the result of normality test model II above, it can be seen that Jarque-Bera probability value is bigger than its significance value (0.300967 > 0.05) and Jarque-Bera value (JB) is smaller than Chi-Square table value (2.401510 < 14.0671). It means that H0 is accepted and Ha is rejected which means that the data in this study is normally distributed.

Table 4. Multicollinearity Test Model I

	FO	**FM**	**KK**	**ROI**
FO	1	.06096	.57296	.08123
FM	.06096	1	.27754	.02697
KK	.57296	.27754	1	-.02696
ROI	.08123	.02697	-.02696	1

Based on the results of multicollinearity test model I presented in the table above, if it is seen from the correlation value between indepen-

Table 5. Multicolinearity Test Model II

	FO	FM	KK	ROI	LEV	SIZE	GROWTH
FO	1	0.062	0.551	0.098	-0.043	0.201	0.040
FM	0.062	1	0.276	0.028	0.414	-0.015	0.118
KK	0.551	0.276	1	-0.033	0.239	0.122	0.059
ROI	0.099	0.028	-0.033	1	-0.494	-0.392	-0.050
LEV	-0.043	0.414	0.239	-0.494	1	0.235	0.239
SIZE	0.201	-0.015	0.122	-0.392	0.235	1	0.430
GROWTH	0.040	0.118	0.059	-0.050	0.239	0.430	1

dent variables less than 0.80 (Ghozali & Ratmono, 2013), then it can be concluded that the model I does not occur multicollinearity.

.Based on Table 5, the results of multicollinearity test model II presented in the table above, it can be seen that there is no correlation between independent variables which more than 0.80 (Ghozali & Ratmono, 2013). So, it can be concluded that model II does not occur multicollinearity.

Heteroscedasticity Test

Table 6. White Test Model I

Heteroskedasticity Test: White			
Obs*R-squared	14.15024	Prob. Chi-Square	.3633

Based on the results of the white model I test in the table above, it can be seen that the value of Obs * R-Squared has Chi-Square probability value is greater than the significance value (0.3633 > 0.05). It means that H0 is accepted and Ha is rejected which means in the model I does not occur heteroscedasticity.

Table 7. White Test Model II

Heteroskedasticity Test: White			
Obs*R-squared	48.12324	Prob. Chi-Square	.0549

Based on the results of heteroscedasticity test model II using white test presented in the table above, it can be seen from the table that the value of Obs * R-Square has Chi-Square probability value is greater than its significance value (0.0549 > 0.05). The result shows that model II does not occur heteroscedasticity.

Table 8. The Result of the Regression Model I

	Value
R^2	.224161
Adjusted R^2	.188490
Coef FO	.091808
Coef FM	-.546707
Coef KK	.035817
Coef ROI	.011513
Prob FO	.431500
Prob FM	.000200
Prob KK	.496200
Prob ROI	.004100
DW Stat	1.919045

On regression output model I knew that Durbin-Watson (DW) value is 1919045. This value will be compared using value in Durbin-Watson table with significance value 0,05 and 92 data and 4 independent variables (k = 4). Then it is obtained DL value = 1.566 and DU value = 1.751 in Durbin-Watson table. After it is compared with the Durbin-Watson value, the result is that Durbin-Watson value is greater than DU value and the 4-DU value (4-1.751 = 2.249) is greater than the Durbin-Watson value (1.566 < 1.919045 < 2.249). So, it can be concluded that there is no autocorrelation.

On regression output model II knew that Durbin-Watson (DW) value is 2.079644. This value will be compared using value in Durbin-Watson table with a significance value of 0.05 and 93 data as well as 7 independent variables (k = 7). Then it is obtained DL value= 1.494 and DU value = 1.827 in Durbin-Watson table. After it is compared with Durbin-Watson value, the result is that Durbin-Watson value is greater than DU value and 4-DU value (4-1.827 = 2.173) is greater than the Durbin-Watson value (1.494 < 2.079644 < 2.173). So it can be concluded that there is no autocorrelation

Table 9. The Result of the Regression Model II

	Value
R^2	.3021870
Adjusted R^2	.2447210
Coef FO	-.0170090
Coef FM	-.3776860
Coef KK	.1079870
Coef ROI	-.0020970
Coef LEV	-.0928640
Coef SIZE	-.0144310
Coef Growth	.0021974
Prob FO	.8873000
Prob FM	.0220000
Prob KK	.0469000
Prob ROI	.6863000
Prob LEV	.0021000
Prob SIZE	.0320000
Prob Growth	.1416000
DW Stat	2.0796440

Table 10. Determination Coefficient Test Model I

Model	R-squared	Adjusted R-squared
1	.224161	.188490

Based on the test result of determination coefficient test model I can be seen that the adjusted R-squared value is 0,188490. It means that 18.85% Dividend Payout Ratio (DPR) variables are explained by independent variables which are Family Ownership, Family Member, Family Leadership and Return on Investment (ROI), while 81.15% are explained by other variables outside the model.

Table 11. Determination Coefficient Test Model II

Model	R-squared	Adjusted R-squared
1	.302187	.244721

Based on the test result of Determination coefficient test R2 on model II can be seen that the adjusted R-squared value is 0,244721. It means that 24.47% of Dividend Payout Ratio (DPR) variables are explained by independent variables which are Family Ownership, Family Member, Family Leadership and Return on Investment (ROI) and explained by control variables such as Leverage, Size and Growth. While the other 75.53% explained by other variables outside the independent variables studied. Compared to model I, the adjusted R-squared value increased by 5.62%, it means that adding control variables in the model were able to explain 5.62% on DPR variables

Table 12. Statistical F Test Model I

Model	F-Statistic	Prob (F-Statistic)
1	6.284162	.000172

Based on the result of F statistical test in the table above it can be seen that the value of Prob (F-Statistic) is 0.000172. That value is smaller than its significance level (0.05). Therefore it can be concluded that simultaneously the independent variables: Family Ownership, Family Member, Family Leadership and Return on Investment (ROI) affect the dependent variable (DPR).

Table 13. Statistical F Test Model II

Model	F-Statistic	Prob (F-Statistic)
2	5.258459	.000051

Based on the result of statistical F test in the table above it can be seen that the value of Prob (F-Statistic) is 0,000051. That value is smaller than its significance level that is 5% or 0.05. Therefore, it can be concluded that the independent variables: Family Ownership, Family Member, Family Leadership and Return on Investment and control variables: Leverage, Size and Growth simultaneously affect dependent variable Dividend Payout Ratio (DPR).

Regression Analysis

This research uses the ANCOVA equation model (analysis of covariance) with Least Square (LS) estimation. This is because this model contains dummy variable on the independent variable. Based on the results of regression model I in the table below, so the equation can be written as follow:

$$DPR = 0.319831 + 0.091808\ FO - 0.546707\ FM + 0.035817\ KK + 0.011513\ ROI$$

From the result of regression equation mode I, the influence of each independent variables towards DPR (Dividend Payout Ratio) can be interpreted as follows:

The constant's value indicates that if FO, FM, KK and ROI values are fixed or are considered constant, then the DPR value is 0.319831.

The regression coefficient of FO is 0.091808 which means that if FO increases by 1 unit, it will be followed by the increase of DPR as much as 0.091808 with the assumption that other independent variables are considered fixed or constant.

The regression coefficient of FMis -0.546707 which means that if FM increases by 1 unit, then the DPR will decrease by 0.546707 with the assumption that other independent variables are considered fixed or constant.

The regression coefficient of dummy KK variable is 0,035817 which means that company with category 1 (CEO comes from a family member) has higherDPR (Dividend Payout Ratio) as much as 0,035817 compared with a company with category 0 (CEO does not come from a family member).

The regression coefficient of ROI is 0.011513 means that if ROI (Return On Investment) increases by 1 unit, it will be followed by the increase of Dividend Payout Ratio is 0.011513 with the assumption that other independent variables are considered fixed or constant.

Table 14. The Result of Regression Test Model I

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	.319831	.067464	4.740766	.0000
FO	.091808	.116172	.790277	.4315
FM	-.546707	.142066	-3.848266	.0002
KK	.035817	.052409	.683410	.4962
ROI	.011513	.003904	2.949077	.0041

Based on result of regression analysis model II then the equation can be written as follows:

DPR = 0.701260 – 0.017009 FO – 0.377686 FM + 0.107987 KK – 0.002097 ROI – 0.092864 LEV – 0.014431 SIZE + 0.021974 GROWTH

From the result of the regression equation model II, the influence of each independent variable towards DPR (Dividend Payout Ratio) can be interpreted is as follows:

The constant's value shows that if the values of FO, FM, KK, ROI, LEV, SIZE and GROWTH fixed or are considered constant, then DPR value is 0.701260.

The regression coefficient of FO is -0.017009 means that if FO increases by 1 unit, it will be followed by the decrease of DPR as much as 0.017009 with the assumption that the other independent variables are considered fixed or constant.

The regression coefficient of FM is -0.377686 means that if FM increases by 1 unit, it will be followed by the decrease of DPR (Dividend Payout Ratio) is 0.377686 with the assumption that other independent variables are considered fixed or constant.

The regression coefficient of dummy KK variable is 0.107987 means that company with category 1 (CEO comes from a family member) has higher DPR (Dividend Payout Ratio) that is 0.107987 compared to a company with category 0 (CEO does not come from a family member).

The regression coefficient of ROI is -0.002097 means that if ROI increases by 1 unit, it will be followed by the decrease of DPR that is 0.002097 with the assumption that other independent variables are considered fixed or constant.

The regression coefficient of LEV is -0.092864 means that if LEV increased by 1 unit, it would be followed by the decrease of DPR that is 0.092864 with the assumption that other independent variables are considered fixed or constant.

The regression coefficient of SIZE is -0.014431 means that if SIZE increased by 1 unit, it would be followed by the decrease of Dividend Payout Ratio that is 0.014431 with the assumption that other independent variables are considered fixed or constant.

The regression coefficient of GROWTH is 0.021974 means that if GROWTH increased by 1 unit, it will be followed by the increase of DPR that is 0.021974 with the assumption that other independent variables are considered constant.

Table 15. The Result of the Regression Model II

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	.701260	.121292	5.781572	.0000
FO	-.017009	.119621	-0.142192	.8873
FM	-.377686	.161902	-2.332813	.0220
KK	.107987	.053558	2.016241	.0469
ROI	-.002097	.005174	-0.405300	.6863
LEV_DER_	-.092864	.029246	-3.175284	.0021
SIZE	-.014431	.006619	-2.180466	.0320
GROWTH	.021974	.014810	1.483660	.1416

Hypothesis testing

Individual Statistical Test (Statistical t-Test)

Based on the results of statistical t-test model I in the table above it can be seen the results

of statistical t-tests on each variable. The FO variable has coefficient value is 0.091808 with probability value 0.4315 it means that the independent variable that is Family Ownership (FO) has insignificant positive effect on DPR variable, because the probability value of FO is more than its significance value (0.4315 > 0.05). Based on the result of statistical t-test then Ha1 is rejected.

The result of statistical t-test on FM variable has obtained the result of its coefficient value is -0.546707 with probability value 0.0002. It means that the independent variable that is Family Member has a significant negative effect on DPR variable because the coefficient value shows negative slope and its probability value is less than its significance value (0.0002 < 0.05). Then Ha2 is rejected.

The result of statistical t-test on dummy independent variable that is Family Leadership (KK) obtained the result that coefficient value from KK variable is equal to 0.035817 with significance value 0.4962. It means that the dummy independent variable which is Family Leadership has an insignificant positive effect on dependent variable DPR because the value of probability is more than its value of significance value from (0.4962 > 0.05). Then Ha3 is rejected.

The result of statistical t-test on ROI variable is obtained the coefficient value is 0.011513 and its probability value is 0.0041. From those result, it can be concluded that the ROI variable affects DPR variable significantly because the probability value of ROI is less than its significance value (0.0041 < 0.05). Then Ha4 is accepted.

Table 16. Statistical t Test Model I

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	.319831	.067464	4.740766	.0000
FO	.091808	.116172	.790277	.4315
FM	-.546707	.142066	-3.848266	.0002
KK	.035817	.052409	.683410	.4962
ROI	.011513	.003904	2.949077	.0041

Table 17. Statistical t Test Model II

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.701260	0.121292	5.781572	0.0000
FO	-0.017009	0.119621	-0.142192	0.8873
FM	-0.377686	0.161902	-2.332813	0.0220
KK	0.107987	0.053558	2.016241	0.0469
ROI	-0.002097	0.005174	-0.405300	0.6863
LEV	-0.092864	0.029246	-3.175284	0.0021
SIZE	-0.014431	0.006619	-2.180466	0.0320
GROWTH	0.021974	0.014810	1.483660	0.1416

Based on the results of statistical t-test model II in the table above can be seen that the result of statistical t-test on each variable. FO variable partially has an insignificant negative effect on DRPR. This can be seen from the coefficient of FO variable is -0.017009 and probability value is 0.8873 where the value is greater than its significance value (0.8873 > 0.05). Then Ha1 is rejected.

FM variable seen from the result of statistical t-test has a significant negative effect on DPR variable because the coefficient value of FM is -0.377686 and its probability value is 0.0220 smaller than its significance value (0.0220 < 0.05). Then Ha2 is rejected.

The coefficient value of dummy variable of Family Leadership (KK) is 0.107987, while its probability value is 0.0469 smaller than its significance value (0.0460 < 0.05). It means that there is the difference between a company which is led by family member and company led by CEO who comes from outside family members. Then Ha3 is accepted.

ROI variable has coefficient value is -0.002097, while its probability value is 0.6863 is greater than its significance value (0.6863 > 0.05). It means that the ROI variable has an insignificant negative effect on DPR variable. Then Ha4 is rejected.

Control variable that is Leverage has coefficient value equal to -0.092864 and probability value is 0.0021 smaller than its significance value (0.0021 < 0.05). It means that leverage has a significant negative effect on DPR variable.

The coefficient value of the control variable size is -0.014431, while the probability of 0.0320 is smaller than its significance value (0.0320 < 0.05). It means that the size variable has a significant negative effect on DPR variable.

The coefficient value of control variable that is growth is 0.021974 and its probability value is 0.1416 bigger than its significance value (0.1416 > 0.05). It means that growth has an insignificant positive effect on DPR variable.

The Effect of Family Ownership on Dividend Policy

Based on the result of regression test of family ownership variable has insignificant negative effect on dividend policy, it can be seen from the coefficient value of FO that is -0.017009 and probability value is 0,8873 bigger than its significance value (0.8873 > 0.05). The results of this research contradict with the hypothesis proposed that is family ownership affect dividend policy. So alternative hypothesis 1 is rejected.

The results of this study indicate that in family firms listed on the Indonesia Stock Exchange in 2012-2016 there is minimal agency conflict between the majority shareholder and the minority shareholders. This is in line with the statement from Setianto and Sari (2017) which states that in companies with high family ownership, the family as controlling shareholder has strong control over the company including the manager so that the agency problem can be minimized. This study is in accordance with Hu et al. (2007) who argues that family firms should pay lower dividends to avoid high dividend tax payments. Reyna (2017) also states that the concentration of family ownership negatively affects dividend policy because the presence of other shareholders besides family members also impact on dividend payout policy.

The Effect of Family Member on Dividend Policy

Based on the result of the regression test of family member variable has a significant negative effect on dividend policy. This result can be seen from the negative coefficient value that is equal to -0.377686 and the smaller probability value than its significance value (0.220 < 0.05). Then Ha2 is rejected. The results of this study are not in line with the opinion of Isakov and Weisskopf (2015); Setianto and Sari (2017) state that the family as controlling shareholder can influence dividend decisions with motives of the needs of family income.

This study is in line with Hu et al. (2007) study which states that family firm which involving family members in active management especially top management, hardly encountered conflict between families. This is in line with study from Tabalujan (2002) states firms which are controlled by the family in Indonesia still have low levels of shareholder protection, so it is likely that the founder or founding family who becomes company's management team tends to use a small proportion of retained earnings for some distributed as dividends and mostly reinvested. Komalasari and Nor (2014) state that agency costs and problems will not arise because the owners and management of the company are the same parties and there will be no difference of interest, so the agency costs that appear for monitoring will be few or none.

Companies with Family Leadership Have High Average Distribution of Dividend

Based on the result of the regression test of dummy variable that is family leadership, it is found that the average family firms whose CEO comes from family affect dividend policy. This can be seen from the coefficient value of KK variable that is 0.107987 and probability value is smaller than its significance value (0.0469 < 0.05). Then Ha3 is accepted.

The results of this study are in accordance with the opinion of Komalasari and Nor (2014) which states that the existence of CEO and top management from family indicates the existence of active family management so it can facilitate the family to control the company in order to match the ownership interest. This study is in line with the research conducted by Anderson and Reeb (2001) which states that the existence of family members who lead the company, the family will fully control the decisions, policies and operations of the company.

The Effect of Profitability on Dividend Policy

Based on the results of regression analysis can be seen that the coefficient value of ROI variable is -0.002097 and the probability is 0.6963 greater than its significance value (0.6963 > 0.05). It means that probability variables have an insignificant negative effect on dividend policy. Then Ha4 is rejected. This study is in line with research conducted by Yusman (2017) which states that the probability has a negative effect on dividend policy. This research is also in line with research conducted by Nuringsih (2005) which states that profitability has an insignificant negative effect on dividend policy.

Jensen et al. (1992) state that at a high level of profitability, firms allocate low dividends. This is because the company allocates most of the profits as internal funding sources (Nuringsih, 2005). Internal funding sources can be interpreted as own capital which is divided into retained earnings and ownership of the company (Nugroho, 2014). If the company uses external funding sources, then it is prioritized in debt to issues the equity (Yulianto et al., 2016). If funding source increases the company can delay the use of debt or new stocks emission, if the profit goes down the company will pay dividends to maintain its reputation in investors' perception (Nuringsih, 2005). Companies that generate profits in their operations will not necessarily use the profits to be distributed as dividends, especially those companies that plan to invest in assets in the future (Sari & Sudjarni, 2015). This is in accordance with research conducted by Abiprayu and Wiratama (2016) which states that net profit earned by the company is partly used to meet the mandatory reserve fund set by the GMS (General Meeting of Shareholders) and the rest is distributed to sha-

reholders in the form of dividends unless the General Meeting of Shareholders determines other decisions. So, the results of this study can prove that the higher level of company profits then it is not necessarily the dividend rate is also high.

The control variable, leverage has a significant negative effect on dividend policy. This research is in line with research conducted by Atmaja (2017); Yusman (2017), Permana and Hidayati (2015) The greater the leverage of the company the greater its liabilities and will further decrease the company's ability to pay dividends (Permana & Hidayati, 2015). This is in accordance with research conducted by Khafid and Nurlaili (2017) which states that the higher the debt level, the higher the company's financial risk and it will reduce company performance. So, if the leverage ratio is high, then the company prefers to allocate its earnings to repay the debt of the company rather than divide it into the dividend.

Control variables, company size, has a significant negative effect on dividend policy. This research is in line with the research conducted by Sari (2008). This research is not in line with research conducted by Setianto and Sari (2017) which states that the larger the size of the company the higher the dividends are distributed because the companies have easy access to the capital market, so it can reduce their dependence on internal funds. Sari (2011) states that a company that has been in advanced does not necessarily have easy access to capital market because the risks faced by large companies is also high enough, the amount of assets owned by large companies is not necessarily a guarantee to make dividend payments.

Control variable, sales growth insignificant positive effect on dividend policy. This study is in line with research conducted by Hu et al. (2007) and Yoshikawa and Rasheed (2010). This study is not in line with the research conducted by Setia-Atmaja et al. (2009) which states that companies with high growth rates have high investment opportunities so that the companies have high funding needs.

CONCLUSION AND RECOMMENDATION

Based on the results and discussion of the research that has been described in the previous chapter, it can be deduced as follows: (1) Family Ownership has a negative effect on dividend policy on family firms listed on the Indonesia Stock Exchange period 2012-2016; (2) Family Member has a significant negative effect on dividend policy on family firms listed on the Indonesia Stock Exchange period 2012-2016; (3) The Average Family Leadership has positive effect on dividend policy on family firms listed on Indonesia Stock Exchange period 2012-2016; (4) Profitability has an insignificant negative effect on dividend policy on family firms listed on the Indonesia Stock Exchange period 2012-2016.

Based on the results of the study, the discussion and conclusions that have been described, this study used independent variables such as family ownership, family member, family leadership and profitability, suggestions for the next researchers are expected to add other variables such as intervening or moderation and also can compare dividend policy on family firms in Indonesia and other countries. For company management, it is expected that if the company pays a dividend should pay attention to the net profit earned by the company and to pay attention to the allocation of net profit used as internal funding sources and be distributed in the dividend.

While for investors before taking a decision to invest in a family company should consider family leadership factors, because the results of this study indicate that companies led by CEOs who come from families tend to distribute large dividends.

REFERENCES

Abiprayu, K. B., & Wiratama, B. (2016). Does Ceo's Hubris Affecting Dividends Payout? *Jurnal Dinamika Manajemen*, *7*(1), 66-75.

Anderson, R. C., Reeb, D. M., Anderson, B., Endowed, K., & Fellows, F. (2001). *Rough Draft – Version 1,* 202.

Anita, A., & Yulianto, A. (2017). Pengaruh Kepemilikan Manajerial dan Kebijakan Dividen terhadap Nilai Perusahaan. *Management Analysis Journal*, *5*(1).

Arifin, Z. (2003). Efektifitas Mekanisme Bonding Dividen dan Hutang untuk Mengurangi Masalah Agensi pada Perusahaan di Bursa Efek Jakarta. *Jurnal Siasat Bisnis*, *1*(8).

Astuti, A. D., Rahman, A., & Sudarno. (2015). Pengaruh Kepemilikan Keluarga terhadap Kinerja Perusahaan dengan Agency Cost sebagai Variabel Moderating. *Jurnal Dinamika Akuntansi*, *7*(2).

Setia-Atmaja, L. S. (2017). The Impact of Family Control on Dividend Policy: Evidence from Indonesia. *International Research Journal of Business Studies*, *9*(3).

Azwari, P. C. (2016). Masalah Keagenan pada Struktur Kepemilikan Perusahaan Keluarga di Indonesia. *Akuntabilitas*, *9*(2), 173-184.

Bethel, J. E., Liebeskind, J. P., & Opler, T. (1998). Block Share Purchase and Corporate Performance. *Journal of Finance*, *53*(2), 605-634.

Bhaumik, S. K., Driffield, N., & Pal, S. (2010). Does

Ownership Structure of Emerging-Market Firms Affect their Outward FDI? the Case of the Indian Automotive and Pharmaceutical Sectors. *Journal of International Business Studies*, *41*(3), 437-450.

Cahyani, K. A., & Sanjaya, I. P. S. (2017). Analisis Perbedaan Dividen pada Perusahaan Keluarga dan Non Keluarga Berdasarkan Kepemilikan Ultimat. *Modus Journals*, *26*(2), 133-144.

Cahyaningdyah, D., & Ressany, Y. D. (2012). Pengaruh Kebijakan Manajemen Keuangan terhadap Nilai Perusahaan. *Jurnal Dinamika Manajemen*, *4*(2), 184-191.

Claessens, S., Fan, J. P., Djankov, S., & Lang, L. H. (1999). *On Expropriation of Minority Shareholders: Evidence from East Asia*. Available at SSRN: https://ssrn.com/abstract=202390.

Demsetz, H., & Villalonga, B. (2001). Ownership Structure and Corporate Performance. *Journal of Corporate Finance*, *7*(3), 209-233.

Erfiana, D., & Ardiansari, A. (2016). Pengaruh Masalah Keagenan, Kebijakan Dividen dan Variabel Moderasi Growth Opportunity terhadap Nilai Perusahaan. *Management Analysis Journal*, *5*(3), 244-256.

Fadli, A. A. Y. (2017). Analisis Pengaruh Return On Investment (ROI) dan Debt Equity Ratio (DER) terhadap Dividend Payout Ratio (DPR) pada PT. Hanjaya Mandala Sampoerna, Tbk. *Jurnal Ilmu Ekonomi dan Pembangunan*, *17*(1).

Fardani, F., & Mardani, R. M. (2017). Pengaruh Kepemilikan Manajerial, Kepemilikan Keluarga dna Kepemilikan Institusional dengan Keputusan Keuangan, Kebijakan Dividen, Struktur Modal dan Ukuran Perusahaan sebagai Variabel Intervening terhadap Nilai Perusahaan pada Perusahaan Perbankan yang Terdaftar di BEI Periode 2012-2015. *Jurnal Ilmiah Riset Manajeman, 6*(1).

Ghozali, I., & Ratmono, D. (2013). *Analisis Multivariat dan Ekonometrika: Teori, Konsep dan Aplikasi dengan Eviews 8*. Semarang: Badan Penerbit UNDIP (UNDIP Press).

Hu, Y., Wang, D., & Zhang, S. (2007). Founding Family Ownership, Management and Payout Policy. *Intl. Rev. Bus. Res, 3*(2), 49-98.

Isakov, D., & Weisskopf, J.P. (2015). Pay-out Policies in Founding Family Firms. *Journal of Corporate Finance*, *33*, 330-344.

Jensen, Gerald R; Solberg, Donald P; dan Zorn, T. S. (1992). Simultaneous Determination of Insider Ownership , Debt and Dividend Policies. *The Journal of Financial and Quantitative Analysis*, *27*(2), 247-263.

Kasmir. (2015). *Analisis Laporan Keuangan*. Jakarta: Rajawali Pers.

Khafid, M., & Nurlaili, D. (2017). The Mediating Role of Accountability in the Influence of Cooperative Characteristics on its Financial Performance. *International Journal of Economic Research*, *14*(5), 191-200.

Komalasari, P. T., & Nor, M. A. (2014). Pengaruh Struktur Kepemilikan Keluarga, Kepemimpinan dan Perwakilan Keluarga terhadap Kinerja Perusahaan. *AKRUAL: Jurnal Akuntansi*, *5*(2), 133.

Lucyanda, J. (2012). Pengaruh Free Cash Flow dan Struktur Kepemilikan terhadap Dividend Payout Ratio. *Jurnal Dinamika Akuntansi*, *4*(2), 129-138.

Machfoeds, M. (2011). *Board Duties*. Lembaga Komisaris dan Direktur Indonesia.

Muslich, M. (2003). *Manajemen Keuangan Modern (Analisis, Perencanaan dan Kebijaksanaan).* Jakarta: PT Bumi Aksara.

Nugroho, N. C. (2014). Analisis Pengaruh Profitabilitas, Pertumbuhan Penjualan, Ukuran Perusahaan dan Umur Perusahaan terhadap Struktur Modal Usaha Mikro Kecil dan Menengah Kerajinan Kuningan di Kabupaten Pati. *Management Analysis Journal*, *3*(2), 6-10.

Nuringsih, K. (2005). Analisis Pengaruh Kepemilikan Manajerial, Kebijakan Hutang, ROA dan Ukuran Perusahaan terhadap Kebijakan Dividen: Studi 1995 - 1996. *Jurnal Akuntansi dan Keuangan Indonesia, 2*(2), 103-123.

Prasetyo, T. (2013). Pengaruh Kepemilikan Manajerial dan Kepemilikan Institusional pada Kebijakan Hutang Perusahaan: Sebuah Perspektif Agency Theory. *Jurnal Dinamika Manajemen*, *4*(1), 10-22.

Pratiwi, R., & Yulianto, A. (2017). Pengaruh Struktur Kepemilikan dan Komisaris Independen terhadap Biaya Keagenan Perusahaan yang Masuk dalam Indonesia Most Trusted Companies. *Management Analysis Journal*, *5*(3), 215-228.

Price W. C. (2014). *Survey Bisnis Keluarga 2014, Indonesia*.

Adiasih, P., & Kusuma, I. W. (2012). Manajemen Laba pada Saat Pergantian CEO (Dirut) di Indonesia. *Jurnal Akuntansi Dan Keuangan*, *13*(2), 67-79.

Reyna, J. M. S. M. (2017). Ownership Structure and Its Effect on Dividend Policy in the Mexican Context. *Contaduria Y Administracion*, *62*(4), 1199-1213.

Ridhloah, S. (2010). Faktor Penentu Struktur Modal: Studi Empirik pada Perusahaan Multifinansial. *Jurnal Dinamika Manajemen*, *1*(2), 144-153.

Safrida, E. (2014). Profitabilitas dan Pertumbuhan Perusahaan terhadap Kebijakan Dividen pada Perusahaan Manufaktur di Indonesia. *Jurnal Riset Akuntansi dan Keuangan*, *2*(1), 289-299.

Sari, E. L., & Wijayanto, A. (2014). Management Analysis Journal. *Management Analysis Journal*, *1*(3), 1-14.

Sartika Sari Eka. (2011). Pengaruh Ukuran Perusahaan, Likuiditas, Profitabilitas, Pertumbuhan Perusahaan dan Kepemilikan Institusional terhadap Kebijakan DPR. *Ekombis Review*, 2(2) 231-242.

Schmid, T., Ampenberger, M., Kaserer, C., & Achleitner, A. K. (2010). Corresponding Author. *Plant Physiology*, *5*(9), 1-16.

Setia-Atmaja, L., Tanewski, G. A., & Skully, M. (2009).

The Role of Dividends, Debt and Board Structure in the Governance of Family Controlled Firms. *Journal of Business Finance and Accounting*, *36*(7-8), 863-898.

Setianto, R. H., & Sari, P. K. (2017). Perusahaan Keluarga dan Kebijakan Dividen di Indonesia. *Jurnal Siasat Bisnis*, *21*(2), 107-118.

Sudana, I. M., & Aristina, N. P. N. (2017). Chief Executive Officer (CEO) Power, CEO Keluarga, dan Nilai IPO Premium Perusahaan Keluarga di Indonesia. *Jurnal Akuntansi*, *21*(2), 219-231.

Taroreh, R., & Thaib, C. (2015). Pengaruh Kebijakan Hutang dan Profitabilitas terhadap Kebijakan Dividen (Studi pada Perusahaan Foods and Beverages yang Terdaftar di BEI Tahun 2010-2014). *Jurnal EMBA*, *3*(4), 215-225.

Umar, H. (2002). *Metode Riset Bisnis*. Jakarta: PT. Gramedia Pustaka Utama.

Wijayanti, L. (2013). Pengaruh Kontrol Keluarga dan Komisaris Independen terhadap Kebijakan Dividen dan Struktur Modal pada Perusahaan yang Terdaftar di BEI. *Majalah Ekonomi Universitas Airlangga, 24*(1).

Yoshikawa, T., & Rasheed, A. A. (2010). Family Control and Ownership Monitoring in Family-Controlled Firms in Japan. *Journal of Management Studies*, *47*(2), 274-295.

Yudiana, I. G. Y., & Yadnyana, I. K. (2016). Pengaruh Kepemilikan Manajerial, Leverage, Investment Opportunity Set dan Profitabilitas pada Kebijakan Dividen Perusahaan Manufaktur. *E-Jurnal Akuntansi Universitas Udayana*, *15*(1), 111-141.

Yulianto, A. (2013). Keputusan Struktur Modal dan Kebijakan Dividen sebagai Mekanisme Mengurangi Masalah Keagenan. *Jurnal Dinamika Manajemen*, *4*(2), 184-191.

Yulianto, A., Suseno, D. A., & Widiyanto. (2016). Testing Pecking Order Theory and Trade Off Theory Models in Public Companies in Indonesia. *International Journal of Economic Perspectives*, *10*(4), 21-28.