

Dividend Policy Determination And Company Performance: Management Ownership And Financial Performance (Financial Management Literature Review)

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Abstract

Previous research or relevant research is very important in a research or scientific article. This article reviews the effect of dividend policy and company performance on companies listed on the Indonesian stock exchange. The results of this literature review article are: 1) Dividend Policy has a Positive and Significant Impact on Company Performance; 2) Dividend Policy Has a Positive and Significant Impact on Company Performance. 3) Financial Performance Has a Positive and Significant Impact on Company Performance 4) Managerial Ownership Has a Positive and Significant Impact on Dividend Policy. 5) Financial Performance Has a Positive and Significant Effect on Managerial Ownership. Dividend policy is a decision in determining the optimal proportion of profit between the distribution of profits as dividends and retained earnings.

Keywords : *Managerial ownership; Financial performance; Dividend Policy*

INTRODUCE

Company managers always try to increase the prosperity of the owners or shareholders. The relationship between managers and shareholders in agency theory is described as the relationship between the agent and the principal. Dividend policy is a policy that plays an important role in a company. Investors pay close attention to policy dividends applied by companies that have gone public. The thing to consider is that the rate of return on invested funds in the form of dividends or capital gains must be more profitable than if investors invest their funds in government bonds, deposit interest rates, and other forms of investment.

Manager Becomes agent as well as holder share become a principal for heighten riches holder stock manager sued for reach into decision effort best. However, the holder of share no could supervise all decision as well as the manager 's activities. This is what becomes problem base in agency theory, namely existence fight interest Among managers and holders stock. Dividend policy is a decision related to the allocation of the current amount of profit as dividends and retained earnings (Brigham and Houston, 2010:32). So that an important aspect of dividend policy is to determine the optimal proportion of profit between the distribution of profits as dividends and retained earnings in the company. Financial performance is a picture of the company's financial requirements in a certain period regarding aspects of fund collection as well as distribution of funds, which are generally measured by indicators of capital adequacy, liquidity, and profitability (Jumingan, 2006). It can be explained that financial performance means an analysis carried out to see how far a company has implemented using financial implementation rules properly and correctly (Fahmi, 2012).

This not only makes managers as professionals who are paid to manage the company but also become the owner of the company. The larger and more complex a company is, the less likely the owner is to perform all management

functions to manage his business. According to Gumanti (2013), decisions taken by management must prioritize efforts to maximize the prosperity of shareholders (maximize the wealth of shareholders) as company owners and managers are individuals assigned to manage the company. The proportion of dividends distributed to shareholders depends on the dividend policy applied by each company.

The company will continue to grow and develop if the company makes a profit or profit. At a later stage, retained profits are one of the most crucial sources of funds for financing the company's growth. As long as all the profits earned by the company will be distributed to shareholders in the form of dividends. Institutional ownership is the percentage of shares owned by institutions both at home and abroad. This theory explicitly states that investors prefer dividends that go up rather than those that fall. However, based on tax preference theory, institutional shareholders, in many cases, do not like high cash dividends because it will increase the taxation class (Gumanti, 2013). Managers' opportunistic actions are often taken by managers to take advantage of all opportunities to achieve personal goals. So the greater the amount of institutional ownership, the smaller the dividends that will be distributed.

Free cash flow is cash flow that is available above the need for investment that generates a positive net present value needed to maintain its business continuity. (Sartono, 2012:101). This is because with the availability of free cash flow, the greater the potential for dividend payments. In addition, Allen and Michaely (2002) also state that management will reduce dividend payments if the company's free cash flow declines. Management will reduce dividend payments if the company's free cash flow declines. The profitability ratio in this study is proxied by return on assets (ROA), namely ROA is the ratio of net income to total assets which measures the return on total assets after interest and taxes (Brigham and Houston, 2010).

2. LITERATURE REVIEW

Ownership Managerial

Ownership managerial (insider ownership) is ownership share biggest by management measured company _ with percentage amount owned shares management (Borrola, 2011). Rights share ownership share managerial this given by the holder share use hope that the managers company can more have a sense of belonging so that loyalty, dedication, and productivity can more increase to company (Suryani and Redawati, 2016). Of several definition above, then concluded that ownership managerial it means proportion share ordinary owned by the management (directors and commissioners) which is measured origin percentage amount share management. Ownership Managerial has many researched by researchers previously namely: (Sukrini, 2012), (Gede, Mahariana, & Ramantha, 2014), (Candradewi, Bagus, & Sedana, 2016), (Anita & Yulianto, 2016), (Indahningrum, 2009).

Financial Performance

Financial performance in business context contain very broad understanding. Financial performance is illustration condition finance company on a period certain concerning aspect collection of funds as well as distribution of funds, which generally be measured use indicator adequacy capital, liquidity, and profitability (Jumingan, 2006). Could explained that performance finances is something analysis carried out for see to what extent a company already doing with use the rules application finance by good and valid (Fahmi, 2012). By lay performance finance it means the struggle _ every company in measure as well as evaluate every the success achieved in making profit, as as a result company could see prospects, growth and potential the development that has been achieved by the company. Financial performance already many researched by researchers before namely: (Maith, 2013), (Faisal, Samben, & Pattisahusiwa, 2018), (Tjahjono, 2025), (Martono Putra, Darwis, & Priandika, 2021).

Policy Dividend

Dividend is error one decision crucial for maximize score company Beside decision investation as well as structure capital (decision fulfillment of funds). According to (Martono and Harjito, 2014) policy dividend is decision is profit earned company will shared to holder share Becomes dividend or will held in shape for detained To use financing

investment in the future arrived. If company choose for show profit as dividends, then will reduce retained earnings and then the total source of internal funds or internal financing will be reduced. Policy dividend already many researched by researchers previously namely: (Towards et al., 2020), (Prasinta, 2012), (Samrotun, 2015), (Wijaya, 2010), (Ferina, Tjandrakirana, & Ismail, 2015).

Company performance

Company performance it means something appearance state by intact on company During period moment exclusive, is consequence or achievement determined by activity operational companies to take advantage of source owned power. Measurement performance is the process of determining how much good activity business conducted for reach goals, strategies, eliminate wastes that serve news appropriate when for improvement by sustainable. Good company performance _ influence convenience company for get loans, and will also influence investors ' decisions in embed capital in the company and for the future company that. Company performance already many researched by researchers previously namely: (Nugraha & Dana, 2010), (Ardianingsih & Ardiyani, 2010).

3. RESEARCH METHODS

Writing method article scientific this is use method qualitative as well as literature study or Library Research. predict books literature in accordance with theory discussed especially in scope Management Finance Beside that analyze articles Reputable scientific as well as articles scientific originated unpublished journal reputable. all article scientific that is at citation sourced from Mendeley and Google Scholar. On research qualitative, study References Required used by consistent use estimation assumption methodological. is Required used by inductive as as a result no direct the questions posed by the researcher. wrong one primary reason for To do study qualitative that is that study just now character exploratory (Ali & Limakrisna, 2013), Next discussed by in depth in the section entitled “Related Literature” or Literature Review (“Review of Literature”), as base formulation hypothesis and so on will Becomes base for To do comparison use which will occur or the findings revealed in the study (Ali & Limakrisna, 2013).

4. Data Collection

Table 1: Relevant Past Research

No	Researcher Name and Year	Title	Equality with research this	Results
1	(Waskito , 2014)	Influence ownership managerial , company to performance finance .	Ownership managerial take effect to performance finance .	Ownership managerial have influence positive to performance finance . Variable ownership institution have influence negative to performance finance . Variable size company no have influence positive to performance finance .
2.	(Sari, 2015)	Influence structure ownership to performance company with structure capital as moderator	Ownership managerial take effect to policy dividend	Based on results testing obtained that structure ownership take effect positive to performance company .
3.	(Anita , 2016)	Influence structure	Ownership	Ownership managerial take

No	Researcher Name and Year	Title	Equality with research this	Results
		ownership to policy dividends on the company manufacturing .	managerial take effect to policy dividends .	effect negative to policy dividends on companies that do not there is ownership managerial . Ownership managerial take effect positive to policy dividends .
4.	(Anita & Yulianto, 2016)	Influence ownership managerial and policy dividend to score company .	Ownership managerial take effect to performance company .	Policy dividend no take effect to score company . This result consistent with theory dividend no relevant Modigliani (1961) who stated that there is connection Among policy dividend with score company .
5.	(Izzati, fatwa, 2019)	Influence structure ownership managerial and decision investation to score company .	Ownership managerial take effect to performance company .	Structure ownership no take effect to score company .
6.	(Muhammad Yogi Pratama, 2016)	Influence size company , leverage, policy dividends , ownership institutional and ownership managerial to management profit .	Policy dividends , ownership institutional take effect to ownership managerial .	Policy dividend no take effect no take effect to management profit . So policy dividend no unilaterally by management . _ –
7.	(Astuti, 2014)	Analysis take effect profitability , policy dividend , policy debt and ownership managerial to score company	Policy dividend take effect to score company .	Policy dividend not have influence to score company (PBV) as well as affiliated positive against PBV. Companies that have high dpr _ not yet of course will give big dividend . _ who will occur study this according to Afzal and Rohman (2012).
8.	(Shahirah , 2016)	The influence of market value added, economic value added, policy dividends and ownership managerial to score company on company manufactures listed on the Indonesia Stock Exchange	Dividend policy, managerial ownership, firm value.	Policy dividend take effect positive significant to score company . Policy dividend have level significance as much as 0.3% which indicates that take effect positive significant .
9.	(Budianto, 2014)	Ownership managerial to score company use	Ownership managerial take	Consequence study this give that ; 1) ownership managerial

No	Researcher Name and Year	Title	Equality with research this	Results
		policy dividends become variable moderation .	effect to policy dividends .	take effect negative to score company . 2) policy dividend is variable moderation on correlation Among ownership managerial and value company .
10.	(Anggraeni, 2020)	Influence performance finance , policy dividends , and ownership managerial to growth profit .	Policy dividends , ownership institutional and ownership managerial .	Test results showing that Total Asset Turn Over has an effect no significant to growth profit , meaning companies that have high sales _ will followed burden great operation . _
11	(Fitri, Kertahadi, Darminto, 2014)	Analysis performance finance company .	lies in the sampling technique , namely purposive sampling, lies in the topic research , and in the period research .	Research results if seen of debt ratio, company capable pay debt period in short .
12	(Kirmizi, 2009)	Three State- Owned Enterprises Financial Performance Analysis year before and three year after Privatization in Indonesia.	Located in technique data analysis .	performance state- owned company after doing privatization found that tend experience decline , though there is a number of company occur enhancement performance after privatization .
13	(Ahmed, Benjamin, John, 2011)	Analysis ratio finance companies conducting IPOs in Saudi Arabia.	Located on topic research and engineering data analysis	Research results the show that there is change in performance company registered in Saudi at the time offer general initial (IPO).
14	(Shinta and Rachma, 2010)	Analysis ratio finance before and after Initial Public Offering.	Located on topic research and data analysis techniques .	Based on results research , by general obtained conclusion that offer general share prime or IPO can influence performance finance company Becomes more good than before .
15	(Priyono Darmawan and Rina Y.	Analysis influence performance finance company to market	Use ratio profitability (ROE) as	ROE independent variable is not take effect by significant to second variable debden that

No	Researcher Name and Year	Title	Equality with research this	Results
	Asmara)	capitalization and value company .	variable independent	is market capitalization and value company .

5. RESULTS AND DISCUSSION

This article analyze and discuss about variables Management Finance namely: Ownership managerial, Policy Dividend, Financial Performance, Company Performance. Where is Ownership Managerial and Financial Performance take effect to Policy Dividends and performance company . Relevant previous research with article this is one of them are:

Influence Ownership Managerial to Policy Dividend

Manager accept opportunity for involved in ownership share use destination equalize use holder stock . Through policy this manager needed make good performance and direct dividend at level which low with determination dividend low company have profit detained which tall as as a result have origin of relative internal funds tall for finance investation in Century future (Nuringsih , 2005). According to study Nuringsih (2005) Ownership managerial have effect negative to policy dividends. At level ownership managerial which low, manager To do distribution dividend which for convey beautiful frequency about performance future company arrive so that raise reputation company in the eyes of investors (Dewi, 2008) Research (Sumartha , 2016) which reveals that ownership managerial take effect positive to policy dividends . consequence this share that the more big proportion ownership managerial at the company will followed use more big dividend which shared to the holders stock.

Effect of Financial Performance to Ownership Managerial

Effect of Financial Performance to Leadership Managerial Based on study which already done, ownership managerial take effect significant to performance finance in Thing this ROE becomes variable gauge and NPL and OL become variable gauge supporter as well as based on table on that ownership managerial take effect significant to third variable, ROE, NPL and OL.

Influence Policy Dividend on Company Performance

The company will Keep going grow and develop if company get profit. Good luck being detained means one the most crucial source for financing growth company. From a profit earned company, partly shared to holder stock on form dividends. This thing in line use research conducted Darmianto (2008) who revealed that profitability have impact to policy dividends.

Effect of Financial Performance on Company Performance

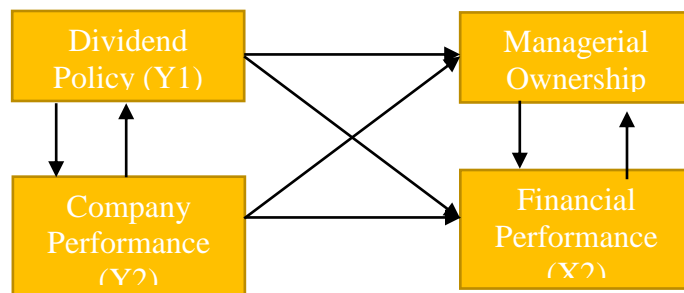
Sufficient financial performance tall reflect ability company in make high profit, so will interesting investor interest for embed capital in the company. The more height performance finance company manufacture will raise profit sheet share company manufacture will raise profit sheet share company that. High financial performance give prospect company which good. so investors will respond positive frequency earlier and value company will the more high.

Influence Policy Dividend on Company Performance

By statistics, policy dividend take effect positive however no significant to score company. Research results this give that company manufacture when by consecutive capable share dividend to the holders share naturally will raise

score the company at the consideration of investors for invest naturally our need with holders consent shares raised at the meeting lay holder stock.

5.1 CONCEPTUAL FRAMEWORK



Ownership Managerial (X1) and Financial Performance (X2) have an effect to Policy Dividend (Y1) and Company Performance (Y2). Other than Ownership Managerial (X1) and Financial Performance (X2) that affect Policy Dividend (Y1) and Company Performance (Y2). There is variable others, namely as following:

1. External Audit Quality
2. Earnings Management
3. Capital
4. Business Grout

6. CONCLUSION

Profitability take effect positive and significant to policy dividends on Manufacturing Companies on the Indonesia Stock Exchange. Liquidity take effect positive and significant to policy dividends on the company manufacturing on the Indonesia Stock Exchange. Size company take effect positive and significant to policy dividends on Manufacturing Companies on the Indonesia Stock Exchange.

7. SUGGESTION

In accordance the conclusions above, then the suggestions on the article this information which obtained originated results study this expected can used Becomes ingredient Consideration for company for determine policies that will carried out by the Company. Study this only test ownership managerial as well as performance finance in relation to policy dividend as well as performance company.

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