CHAPTER V

CONCLUSIONS, SUGGESTIONS, AND RESEARCH LIMITATIONS

A. Conclusions

This research was conducted to test and obtain empirical evidence regarding the effect of Institutional Ownership (INST), Managerial Ownership (MSO), Foreign Ownership (FOREG) as an independent variable and Firm Size (SIZE), Debt to Asset (DAR), Return on Asset (ROA) as a control variable towards Dividend Policy (DPR). The object in this study is a Manufacturing Company listed on the Indonesia Stock Exchange for the period 2015-2018. The research sample amounted to 68 out of 33 companies using purposive sampling technique.

Based on the results of the analysis that has been conducted, the conclusion that can be drawn is institutional ownership (INST) has a positive and significant effect on dividend policy (DPR). The higher the level of share ownership by an institution, the higher the dividend policy. Institutional share ownership results in a high level of oversight of managers, so that managers will be more disciplined in the welfare of shareholders through dividends divided. Then managerial ownership (MSO) has a negative and not significant effect on dividend policy (DPR). This small managerial ownership causes insignificance because they do not have the power to determine the direction of use of profits, for retained earnings or dividends. Managers prefer to divide low
dividends to get high retained earnings as capital for investment in order to avoid debt because debt is also risky, lenders also oversee managerial opportunist behavior. Then, foreign ownership (FOREG) has a significant influence with a negative direction on dividend policy (DPR). This means that the higher the level of foreign ownership, the lower the probability and the amount of dividends distributed to shareholders. Firm Size (FS) has a positive and significant influence on dividend policy (DPR). The larger the size of the company, the smoother the company will be in carrying out its operations, due to the ease with which the company can obtain funding in the capital market. So that it will have an impact on higher dividend policy. Debt to Asset (DR) has a negative and not significant effect on dividend policy (DPR). The greater the Debt to Asset (DR), the lower the level of dividend policy. High Debt to Asset (DR) shows that the company's assets are mostly financed by debt. Profitability (ROA) have a significant positive effect on dividend policy (DPR). The profit of a company is a source of dividend distribution, so the higher profit obtained by a company will have an impact on the high level of dividend policy.

B. Suggestions

1. Suggestions for further research to add years of research intervals and also add other variables that can influence dividend policy.

2. For investors, they can see a company that will distribute high dividends by looking at their high profitability. This is in line with the results of this study
which shows that only profitability variables have a significant influence on dividend policy.

C. **Research Limitations**

Based on the research that has been done, there are several limitations in this study, namely as follows:

1. Samples are still limited to Manufacturing Companies that are listed on the IDX, so it is still possible to be able to add other sectors or use samples of all companies listed on the IDX (non-financial)

2. In this study the independent variables used to determine the effect on dividend policy are only 3, namely institutional ownership, managerial ownership, foreign ownership. It is still possible to add other variables that have an influence on dividend policy.

3. The study sample period is only limited between 2015-2018. So it is still possible to add a period for research