

**THE IMPACT OF GROWTH OPPORTUNITY AND OWNERSHIP
STRUCTURES ON DIVIDEND POLICY FOR MANUFACTURING FIRMS
LISTED IN THE INDONESIA STOCK EXCHANGE**

By

Evelyn Putri Tanujaya
11403020

BACHELOR'S DEGREE
in

BUSINESS ADMINISTRATION
FACULTY OF BUSINESS AND COMMUNICATIONS

SWISS GERMAN UNIVERSITY


SWISS GERMAN UNIVERSITY
The Prominence Tower
Jalan Jalur Sutera Barat No. 15, Alam Sutera
Tangerang, Banten 15143 - Indonesia

August 2018

STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

Evelyn Putri Tanujaya

Student

Date

Approved by:

Dr. Ir. Yosman Bustaman, MBA

Thesis Advisor

Date

Dr. Nila K. Hidayat, S.E., MM

Dean

Date

Evelyn Putri Tanujaya

ABSTRACT

THE IMPACT OF GROWTH OPPORTUNITY AND OWNERSHIP STRUCTURES ON DIVIDEND POLICY FOR MANUFACTURING FIRMS LISTED IN THE IDX

By

Evelyn Putri Tanujaya
Dr. Yosman Bustaman M.Buss., Advisor

SWISS GERMAN UNIVERSITY

This study aims to examine and analyze the impact of growth opportunity and ownership structures on dividend policy. This study uses price to book value of equity (PBV) as the proxy of growth opportunity and foreign ownership, institutional ownership, and insider ownership as the proxies of ownership structures. This research using 114 manufacturing firms listed in the IDX as the sample data for the period of 2009 to 2016. The analysis method is using panel data regression method to identify and examine the impact of growth opportunity and ownership structures on dividend policy with firms' specific variables as the controlling variables namely; firms' size, financial leverage, and macro-economic condition. Empirical analysis result finds that growth opportunity does not have any significant impact on dividend policy of the firms. Other results also show that foreign ownership does not impact dividend policy changes. Meanwhile, institutional ownership and insider ownership have a negative significant impact on dividend policy. Further, firms' size and leverage have negative impact on dividend policy, while, macro-economic variable does not impact dividend policy.

Keywords: Dividend Policy, Growth Opportunity, Ownership Structures, Foreign Ownership, Institutional Ownership, Insider Ownership, Manufacturing Industry.



© Copyright 2018
by Evelyn Putri Tanujaya
All rights reserved

SWISS GERMAN UNIVERSITY

DEDICATION

I dedicated this thesis to Jesus Christ and my beloved parents and sister.



ACKNOWLEDGEMENTS

First and foremost, I would like to thank and praise my God, Jesus Christ for His guidance for my four years of study and most of all during the accomplishment of this thesis.

My second gratitude is for my thesis advisor, Mr. Yosman Bustaman for giving me chance to construct this thesis under his guidance and mentoring. I would like to thank him for giving his time, energy, and knowledge to give me advices patiently in constructing this thesis. It is an honor for me to discuss and work this thesis with him as the expertise in financial world. This thesis could have not been completed without his advice and competence.

Next, I would like to send my deepest gratitude for all of the IBA particularly finance lecturers and especially, Miss Margaretha Lingga for giving their professional and wise advices, knowledge, and experience during these four years of study especially their support during the construction of this thesis.

I would like to thank my parents and sister as well for their infinite and endless support, love, and time during this thesis completion. I thank them for believing in me during my four years of study and particularly in completing this thesis.

My next benediction is for my university best friends, Atiqi, Rachel, and Farah for always accompanying, understanding, comforting, and supporting me all the time since day one and handling my emotional attitude especially during my busy and tense days.

I would like to thank my other best friends Gyonnesvea, Kristi, and Ruth Benita for always be my support system and for their prayers and existence particularly during this thesis construction.

Last but not least, I would like to thank all of my IBA-B and finance classmates for going through together these precious days, months, and years, ups and downs, and joy and laughter.

TABLE OF CONTENTS

| | Page |
|--|------|
| DEDICATION | 5 |
| LIST OF FIGURES | 9 |
| LIST OF TABLES | 10 |
| CHAPTER 1 - INTRODUCTION..... | 11 |
| 1.1. Background..... | 11 |
| 1.2. Research Problems..... | 16 |
| 1.3. Research Questions..... | 18 |
| 1.4. Research Objectives..... | 18 |
| 1.5. Scope and Limitations | 19 |
| 1.6. Significant of Study | 19 |
| CHAPTER 2 - LITERATURE REVIEW | 20 |
| 2.1 Framework of Thinking..... | 20 |
| 2.2. Theoretical Framework..... | 21 |
| 2.2.1. Dividend Policy and Agency Problems | 21 |
| 2.2.2. Growth Opportunity | 21 |
| 2.2.3. Ownership Structures | 23 |
| 2.2.4. Firm's Specific Variables..... | 26 |
| 2.3. Previous Study | 29 |
| 2.4. Study Differences/Similarities..... | 36 |
| 2.5. Hypothesis | 37 |
| CHAPTER 3 – RESEARCH METHODS | 39 |
| 3.1. Research Process | 39 |
| 3.2. Type of Study | 40 |
| 3.3. Unit Analysis/Unit Observation | 41 |
| 3.4. Sampling Design..... | 41 |
| 3.4.1. Population and Sample Target | 41 |
| 3.4.2. Sampling Method | 42 |
| 3.4.3. Sampling Size..... | 42 |
| 3.5. Time Frame of Study | 43 |

| | | |
|--|-------------------------------------|----|
| 3.6. | Data Sources and Collection..... | 43 |
| 3.6.1. | Type of Data..... | 43 |
| 3.6.2. | Data Collection Method | 44 |
| 3.7. | Research Model | 44 |
| 3.7.1. | Regression Analysis Model..... | 44 |
| 3.8. | Variable Operationalization..... | 45 |
| 3.9. | Data Processing Procedures..... | 46 |
| 3.9.1. | Model Validity Test | 46 |
| 3.10. | Data Analysis Techniques | 49 |
| 3.10.1. | Descriptive Statistics | 49 |
| 3.10.2. | Inferential Statistics | 50 |
| CHAPTER 4 – RESULTS AND DISCUSSIONS..... | | 51 |
| 4.1 | Industry Profile..... | 51 |
| 4.2. | Data Analysis..... | 54 |
| 4.3. | Hypothesis Testing and Result | 63 |
| CHAPTER 5 – CONCLUSIONS AND RECCOMENDATIONS..... | | 66 |
| 5.1 | Conclusions | 66 |
| 5.2 | Recommendations | 68 |
| GLOSSARY | | 70 |
| REFERENCES | | 72 |
| APPENDICES | | 76 |
| CURRICULUM VITAE..... | | 82 |