The Effect of Good Corporate Governance on Dividend Policy of Property and Real Estate Companies Listed in Indonesian Stock Exchange 2017 – 2021

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Abstract. The aim of this study is to investigate the impact of Good Corporate Governance, as proxied by Institutional Ownership, Public Ownership, and Independent Commissioners, on the Dividend Policy. The data used is secondary data, namely financial report analysis or financial statements of property and real estate companies listed on the Indonesia Stock Exchange with predetermined data time criteria, namely 20172021. Sample selection using purposive sampling technique with a population of 86 and the results were 7 companies as samples. Data processing using panel data regression analysis assisted by the STATA 17 program. The method used is quantitative method. The analytical techniques used in this study are descriptive statistical analysis and multiple linear regression analysis. The results of this study show that the variables of Institutional Ownership and Public Ownership have a positive and significant effect on dividend policy. Meanwhile, the Board of Commissioners variable does not have a significant effect on the Dividend Policy.

Keywords: Divided Policy, Institutional Ownership, Public Ownership, Independent Board of Commissioners.

1 Introduction

The World Economic Outlook projects that Indonesia will achieve robust economic growth of 5.3% in the year 2022 on a year-on-year basis, indicating a significant improvement and progression in Indonesia's macroeconomy [1]. The positive performance of Indonesia's economic growth is certainly supported by various other economic sectors as mentioned by the Indonesian Central Statistics Agency or BPS (Badan Pusat Statistik), including leading sectors such as industry, trade, agriculture, mining, and construction, all of which have significantly contributed to the overall economy and exhibited improved performance in 2022 compared to 2021 [2].

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Fig. 1. The Growth of the Property Industry and Real Estate Business Sector in the Last 5 Years (Source: Compiled from BPS)

According to the data presented in Figure 1, the property industry and real estate business sector has demonstrated a consistent upward trend in its annual year-on-year (YOY) performance for the period spanning from 2017 to 2021. However, it is worth noting that there was a marginal decrease in 2019, which can be attributed to the adverse effects of the Covid-19 pandemic. The current upward trajectory of growth maintains the pattern of positive performance observed in prior years.

Fig. 2. Percentage of Real Estate and Property Sector Stock Price Index (Source: Compiled from Investing.com)

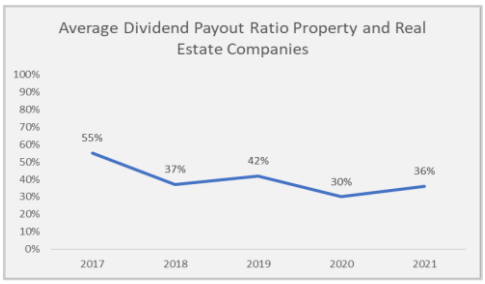

Fig. 3. Dividend Payout Ratio Property and Real Estate Sector (Source : Compiled from Company‘s Annual Report)

Upon examining the stock price index of the property and real estate sector depicted in Figure 2, it is evident that property and real estate stocks have shown positive growth throughout the preceding five-year timeframe. This growth signifies the ability of property and real estate companies in Indonesia to attain favorable performance. This assertion remains valid even throughout the economic decline experienced in 2020, coinciding with the emergence of the Covid-19 epidemic. The outbreak of the pandemic in the year 2020 had a notable impact on a range of industrial operations within Indonesia, with a particular emphasis on the property and real estate industry. Nevertheless, notwithstanding these obstacles, enterprises operating in diverse subcategories within the property and real estate industry have shown the ability to regularly allocate dividends. From 2017 through 2021, several corporations operating within the property and real estate industry have consistently distributed dividends.

Based on the available growth data within the property and real estate industry, as well as its potential upward trajectory, it is reasonable to regard this sector as a viable investment portfolio

for investors, particularly in light of the favorable economic growth. In investment decisions, investors commonly select companies that offer significant income or a favorable degree of return relative to the associated risk, as every investment naturally entails a distinct level of risk.

The positive correlation between the success of enterprises in the property and real estate industry and the dividend policies they adopt is expected to yield favorable outcomes for investors. On the other hand, conflicts of interest may occur within a corporate entity as a result of dividend policy, leading to a divergence of interests between the company's management and its shareholders. The preference for dividend distribution is commonly observed among shareholders, although management tends to favor holding earnings for investment purposes as more capital in the subsequent year [3]. The maintenance or growth of dividend distribution over some time serves to bolster the faith and confidence of shareholders. Investors who think that a company's dividend distribution is not optimal are inclined to divest their shares in the stock market, with the expectation of capitalizing on the disparity in share prices or generating capital gains. As a result, this may potentially result in a reduction in the stock price of the company, therefore leading to a loss in its overall valuation [4].

In this research, the company's dividend policy is approximated using the Dividend Payout Ratio (DPR). The dividend payout ratio (DPR) is a financial metric that indicates the percentage of a firm's profits that will be allocated to its shareholders in the form of cash dividends [5]. The influence of Good Corporate Governance (GCG) practices on the dividend policy has been observed in many prior studies.

GCG refers to a set of principles and practices aimed at effectively managing and controlling companies while considering the interests of all stakeholders. In the context of property and real estate companies, a strong GCG framework can enhance investor confidence, reduce risks, and improve company performance. If GCG mechanisms malfunction within a company or fail to function normally, it can erode shareholder trust and company value [6]. In this study, the practices of Good Corporate Governance are measured based on institutional ownership, public ownership, and the independence of board members.

The distribution of dividends within the property and real estate sector is an intriguing topic for investigation. Dividends represent a portion of the earnings generated by the company and are distributed to shareholders as a return on their share ownership. This phenomenon illustrates the company's policy in utilizing and distributing the generated profits for the benefit of shareholders. The hope is that this research will enhance a better understanding of the influence of Good Corporate Governance on dividend policies within property and real estate sector companies. Furthermore, the outcomes of this research can serve as a basis for companies and other stakeholders in deciding investment ventures and formulating company policies related to dividend distribution.

2 Literature Review

2.1 *Agency Theory*

The Agency Theory is a theory concerning the relationship between company owners, or shareholders, and the management of the company or managers. The company owners, referred

to as principals as the fund providers, hire others, known as agents, to manage and run the company, including delegating authority in decision-making [7]. In practice, agents do not always perform as expected by the principals due to misalignment of interests between the two parties [8]. The company's management (agents) is considered to possess more information about the company compared to the company's owners (principals), resulting in an information asymmetry between the company's management (agents) and the company's owners (principals). The presence of divergent interests and information asymmetry leads to the emergence of an agency problem. In an effort to control agency issues, there are agency costs that are incurred by both the company's owners (principals) and the company's management (agents). Agency costs encompass:

1. Monitoring Cost;
2. Bonding Cost;
3. Residual loss.

Agency costs can be reduced through several alternatives, which include [9]:

1. Increasing the amount of stock ownership by management in the company.
2. Implementing supervisory mechanisms in the company's operations and continuity.
3. Increasing the Dividend Payout Ratio.
4. Raising funds through debt mechanisms.

With an effective Corporate Governance System or Good Corporate Governance, it is expected that it can address the occurring agency issues.

2.2 Dividend Policy

Theory of Dividend Policy

Dividend is the distribution of cash or company profits to shareholders in proportion. Companies generally make dividend payments to shareholders based on earnings or income in the form of cash or stock. An optimal dividend policy should strike a balance between current dividends and future growth [5].

Based on agency cost theory, companies with high cash flows are obliged to distribute dividends in a significant amount, as dividend payments will reduce the amount of net cash flow controlled by management and can mitigate agency problems. On the other hand, dividends can serve as an alternative in the supervisory mechanism. Dividends play a crucial role in the mechanism of controlling agency issues by overseeing through the capital market to observe the company's activities and performance [10].

There are several important theories that explain how shareholders perceive dividends at present compared to future growth, including [5]:

1. *Dividend Irrelevance Theory*

According to Professors Merton Miller and Franco Modigliani (MM), dividend policy has no effect on a company's stock price or cost of capital, thereby rendering it inconsequential. The theory created by MM is grounded in a series of rigorous assumptions that establish the notion

that the value of a firm is exclusively determined by its fundamental profitability and business risk, rather than the distribution of earnings between dividends and retained earnings.

2. *Bird in the hand Fallacy Theory*

Myron Gordon and John Lintner argue that the value of a company will be maximized or increased with a high dividend payout ratio. They believe that investors feel more secure in obtaining profits in the form of stable dividend payments rather than waiting for capital gains.

3. *Information content or signaling*

This theory suggests that an increase in dividends is often accompanied by a rise in stock prices, while a decrease in dividends usually leads to a decline in stock prices. MM argue that an increase in dividends beyond the expected amount usually serves as a signal to investors that the company has favorable future income prospects. Conversely, a smaller decrease or increase in dividends is often a signal that the company is facing challenging times and has less favorable future prospect.

4. *Clienteles*

Clienteles effect is a theory that suggests the stock price of a company will change according to investor reactions to taxes, dividends, or other policy changes. Different groups of shareholders have varying views on the company's dividend policy.

Dividend Policy Indicator

Measuring a company's dividend policy can be done using one of the well-known common measures. The company's dividend policy is typically measured by two common indicators: Dividend Yield Ratio and Dividend Payout Ratio [11].

1. *Dividend Yield Ratio*

The Dividend Yield Ratio is a dividend yield ratio that indicates the level of income obtained from a company's investment. The Dividend Yield Ratio relates the amount of company dividend payments to the company's stock price. The Dividend Yield Ratio can be formulated with the following formula:

$$Dividend\ Yield = \frac{Dividend\ per\ share}{Price\ per\ share} \quad (1)$$

2. Dividend Payout Ratio (DPR)

The Dividend Payout Ratio (DPR) is the second indicator in measuring a company's dividend policy. DPR is a ratio that presents the percentage of each company's earnings to be distributed to shareholders in the form of cash dividends. The DPR can be formulated with the following formula [12]:

$$\textit{Dividend Payout Ratio (DPR)} = \frac{Dividend\ Total}{Net\ Profit} \text{ atau } \frac{Dividen\ per\ share}{earning\ per\ share} \quad (2)$$

2.3 Good Corporate Governance (GCG)

There is no definitive justification for corporate governance that applies to every situation and jurisdiction. Various variations arise concerning institutions, national contexts, and legal traditions. Corporate governance is the structure and processes by which a company is directed and managed. In more detail, "The Organization for Economic Co-operation and Development (OECD), which published corporate governance principles in 1999 and reviewed them in 2004 and 2015, provides a more detailed definition. Corporate governance is a set of relationships involving corporate management, boards of directors, shareholders, and other stakeholders [13]. Good Corporate Governance principles include:

1. Transparency
2. Accountability
3. Responsibility
4. Independency
5. Fairness

In this research, good corporate governance will be projected by institutional ownership, public ownership, and independent board of commissioners.

Institutional Ownership

Institutional ownership refers to the ownership of shares held by companies or non-bank financial institutions in a company where the company acts as a fund manager invested by others or shareholders. Institutional Ownership shows the percentage of share ownership by institutions and block holders, which are individuals or individuals owning shares above 5 percent but not included in the insider share ownership group [14]. The measurement of institutional ownership can be formulated with the following formula:

$$\text{Institutional Ownership} = \frac{Number\ of\ Shares\ Held\ by\ Institutions}{Number\ of\ Outstanding\ Shares} \text{ x } 100\% \quad (3)$$

Public Ownership

Public ownership is the ratio of stock ownership held by the public or the general public in a company. Public ownership refers to stock ownership held by the general public, which includes individuals or institutions with share ownership less than 5%, outside of the management and without any special relationship with the company. The assessment of institutional ownership can be formulated using the following formula [15]:

$$\text{Public Ownership} = \frac{Number\ of\ Shares\ Held\ by\ Public}{Number\ of\ Outstanding\ Shares} \text{ x } 100\% \quad (4)$$

Independent Board of Commissioners

Independent Commissioners consists of one or a group of individuals who serve as supervisors within a company, regulated by POJK No. 33 of 2014 which requires every company to have a minimum of 2 board members of commissioners, one of whom must be an independent board member. However, if a company's board of commissioners consists of more than 2 people, the Independent Commissioners must make up at least 30% (thirty percent) of the total number of all board members of the company [16]. Independent Commissioners can be measured using the formula below:

$$\text{Independent Commissioners} = \frac{Number\ of\ Independent\ Comissioners}{Number\ of\ Board\ of\ Comissioner\ members} \text{ x } 100\% \quad (5)$$

2.4 Conceptual Framework and Research Hypothesis

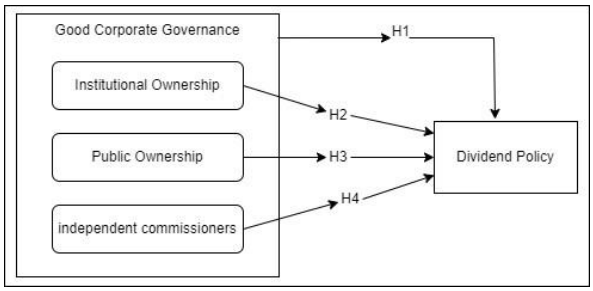

Fig. 4. Conceptual Framework

Hypothesis:

Hypothesis 1

H0: ρ = 0, Good Corporate Governance (Institutional ownership, public ownership, Independent Commissioner) simultaneously do not affect Dividend policy of IDX Property and real estate 2017-2021

Hα: ρ > 0, Good Corporate Governance (Institutional ownership, public ownership, Independent Commissioner) simultaneously have a significant positive effect on Dividend policy of IDX Property and real estate 2017-2021

Hypothesis 2

H0: ρ = 0, Institutional ownership has no partial effect on Dividend policy of IDX Property and real estate 2017-2021

Hα: ρ > 0, Institutional ownership partially has a significant positive effect on Dividend Policy of IDX Property and real estate 2017-2021

Hypothesis 3

H0: ρ = 0, Public ownership has no partial effect on Dividend Policy of IDX Property and real estate 2017-2021

Hα: ρ > 0, Public ownership partially has a significant positive effect on Dividend Policy of IDX Property and real estate 2017-2021

Hypothesis 4

H0: ρ = 0, Independent Commissioner has no partial effect on Dividend Policy of IDX Property and real estate 2017-2021

Hα: ρ > 0, Independent Commissioner partially has a significant positive effect on Dividend Policy of IDX Property and real estate 2017-2021

3 Methodology

This research uses a quantitative approach that focuses Good Corporate Governance (Institutional Ownership, Public Ownership, and Independent Commissioner) on Dividend Policy. The data used is secondary data, namely financial report analysis or financial statements of property and real estate companies listed on the Indonesia Stock Exchange with predetermined data time criteria, namely 2017-2021. The population of this study is the property and real estate companies listed on the Indonesia Stock Exchange for the 2017-2021 period with a population of 86 companies. The sampling technique in this study is purposive sampling, namely sampling that considers several criteria by the research [17]. The sampling criteria selected in this research include the following:

a. Property and real estate companies that listed in the Indonesian Stock Exchange (IDX) during 2017-2021 period.
b. Property and real estate that publish complete and consistent annual and financial report in the Indonesian Stock Exchange (IDX) for period up to December 31,2018 - 2021
c. Property and real estate that consistently pay dividends.

Therefore, the sample used in this research includes 7 Property and real estate companies that are listed on the Indonesian Stock Exchange (IDX) for the period 2017-2021.

Table 1 Samples of Research

No	Company's Name	Abbreviation	Shares	IPO Date
1	Ciputra Development Tbk.	CTRA	18.535.695.255	28 Mar 1994
2	Jaya Real Property Tbk.	JRPT	13.750.000.000	29 Jun 1994
3	Puradelta Lestari Tbk.	DMAS	48.198.111.100	29 May 2015
4	Metropolitan Land Tbk.	MTLA	7.655.126.330	20 Jun 2011

5	Roda Vivatex Tbk	RDTX	268.800.000	14 May 1990
6	Metropolitan Kentjana Tbk.	MKPI	948.194.000	10 July 2009
7	Summarecon Agung Tbk.	SMRA	16.508.568.358	07 May 1990

Data processing using panel data regression analysis assisted by the STATA 17 program. The analytical techniques used in this study are descriptive statistical analysis and multiple linear regression analysis. The equation of the linear regression method is:

$$DPRit = \beta0 + \beta1.KPI + \beta2.KPP + \beta3.DKI + \varepsilon \quad (6)$$

Where:

DPRit = Dividend Payout Ratio of Property and Real Estate in period t
β0 = Constant
β (1.2) = Regression coefficient of the independent variable X1, …etc.
X1 = Institutional Ownership (KPI)
X2 = Public Ownership (KPP)
X3 = Independent Commissioner (DKI)
i = Cross Section
t = Time Series
ε = Errors

The model for the research is measured below:

Table 2 Measurement of variable

Variable	Measurement	Scale
Dividend Payout Ratio (DPR)	$\frac{\text{Dividend per share}}{\text{earnings per share}}$	In Ratio
Institutional Ownership (KPI)	$\frac{\text{The proportion of shares owned by institutional investors}}{\text{Total Number of shares in issue}}$	In Ratio
Variable	Measurement	Scale
Public Ownership (KPP)	$\frac{\text{The proportion of shares owned by public investors}}{\text{Total Number of shares in issue}}$	In Ratio
Independent Commissioner (DKI)	$\frac{\text{The proportion independent commissioner}}{\text{Total Number of Board of Commissioners}}$	In Ratio

4 Result and Discussion

4.1 Descriptive Statistic

The Descriptive statistic shows the maximum value, minimum value, mean, and standard deviation of each sample in the research object.

Table 3. Descriptive Statistic

Variable	Obs	Mean	Std. dev.	Min	Max
DPR	35	0.378	0.454	0.005	1.644
KPI	35	0.675	0.151	0.338	0.823
KPP	35	0.294	0.167	0.114	0.647
DKI	35	0.389	0.085	0.278	0.600

The result shows the highest DPR is 1.644, the lowest is 0.005, the mean is 0.378, and the standard deviation is 0.454. The Institutional Ownership shows the highest is 0.823, the lowest is 0.338, the mean is 0.675, and the standard deviation is 0.151. The Public Ownership shows the highest is 0.647, the lowest value is 0.114, the mean is 0.294, and the standard deviation is 0.167. Furthermore, the independent commissioner shows the highest is 0.600; the lowest is 0.278, and the mean is 0.389, and the standard deviation is 0.085.

4.2 Specification Model Test

Chow Test

Table 4. Chow Test Result

α	5%
Prob>F	0.0030

H0 = CEM (Common Effect Model)

H1 = FEM (Fixed Effect Model)

From the results of the Chow test, it was obtained that the P-value was 0.0030, which had a value smaller than the alpha value of 5% or 0.05, so on that basis, reject H0, accept H1, that is, choose the Fixed Effect Model (FEM) model.

Lagrange multiplier (LM) test

The follow-up test from the Chow test is the Lagrange multiplier (LM) test. The LM test was carried out when the FEM results were obtained during the Chow test.

Table 5. Lagrange multiplier (LM) Test Result

α	5%
Prob>chi2	0.0176

H0 = CEM (Common Effect Model)

H1 = REM (Random Effect Model)

In the first Hausman test, the t-statistic value was 0.0176. The results show that if the statistic has a value smaller than alpha, H0 is rejected, and H1 is accepted. From these results, the model chosen in this study is the Random Effect Model (FEM).

Hausman test

The follow-up test from the LM test is the Hausman test. The Hausman test was carried out when the FEM results were obtained during the Chow test and the REM result were obtained during the LM test.

Table 6. Hausman Test Result

α	5%
Prob>chi2	0.2749

H0 = REM

H1 = FEM

In the first Hausman test, the t-statistic value was 0.2749. The results show that if the statistic has a value bigger than alpha, H1 is rejected, and H0 is accepted. From these results, the model chosen in this study is the Random Effect Model (REM).

4.3 Classical Assumption Test

Multicollinearity Test

This study uses the Variance Inflation Factor (VIF) value as a measure of multicollinearity test.

Table 7. Multicollinearity Test Result

Variable	VIF	1/VIF
KPP	4.08	0.245393
KPI	3.43	0.291612
DKI	2.37	0.422091
Melan VIF	3.29	

From the calculation results above, the VIF values for all independent variables were <10, which means that all variables in this panel are free from multicollinearity.

Heteroscedasticity Test

Research is said to have symptoms of heteroscedasticity if the P-value is < alpha.

Table 8. Heteroscedasticity Test Result

Breusch–Pagan/Cook–Weisberg test	
chi2(1)	0.00
Prob > chi2	0.9738

In the heteroscedasticity test in this study, a P-value of 0.9738 was obtained with a significance level of 5%. This shows that the model in this study is not affected by heteroscedasticity.

Autocorrelation Test

Table 9. Autocorrelation Test Result

Wooldridge test	
F(1,6)	3.312
Prob> F	0.1186

From the results of the autocorrelation calculations in this study, a P-value of 0.1186 was obtained, which is bigger than the alpha value of 5%. It means that this research is free from autocorrelation.

4.4 Multiple Linear Regression

Table 10. Multiple Linear Regression

Number of observations	=	35
Number of Groups	=	7
Wald chi2 (3)	=	8.83
Prob > chi2	=	0.0317
R-squared	=	0.6068
Variable	Coefficient	P>|z|
KPI	3.4545	0.001
KPP	2.150868	0.039
DKI	-0.90146	0.096
_cons	-2.241349	0.033

$$DPR_{it} = - 2.241349 + 3.4545\ KPI + 2.150868\ KPP + (- 0.90146)\ DKI$$

The above equation can be interpreted as follows:

1. The results of the constants in this regression model show the firm value constant is 2.241349. This shows that if the variables of Institutional Ownership, Public

Ownership, and Independent Commissioner are constant, the Dividend Payout Ratio is -2.241349 or property and real estate sector companies did not distribute dividend.

2. The coefficient of Institutional Ownership is 3.4545. This shows that if the Institutional Ownership (KPI) increases by one unit, the dividend payout ratio property and real estate sector company will increase by 3.4545.
3. The coefficient of Public Ownership is 2.150868. This shows that if the Public Ownership increases by one unit, the dividend payout ratio of the property and real estate sector company will increase by 2.150868.
4. The coefficient of independent commissioner is - 0.90146. This shows that if independent commissioner increases by one unit, the dividend payout ratio of the property and real estate sector company will decrease by - 0.90146.

Simultaneously Test

Table 11. Wald Chi Test Result

Wald Chi^2	8.83
Prob > chi^2	0.0317

From the F test obtained a significance of 0.0317. This shows a sign of < 0.05 or rejects H0. So, it can be concluded that there is a simultaneous significant effect between Good Corporate Governance (Institutional ownership, public ownership, Independent Commissioner) on the Dividend Policy of Property and real estate companies listed in IDX 2017-2021. Thus, Institutional Ownership, Public Ownership, and Independent Commissioners variables have a simultaneous influence on Dividend Policy. This can be interpreted to mean that good corporate governance is capable of enhancing the influence on the magnitude of dividend payments made to shareholders of the company.

Partially Test

Table 12 Z Test Result

Variable	Coefficient	P>|Z|
KPI	3.4545	0.001
KPP	2.150868	0.039
DKI	-0.90146	0.096
_cons	-2.241349	0.033

Institutional Ownership

From the results, the significance is 0.001 < 0.05. So, it shows that Institutional Ownership partially has significant effect on dividend policy. Then based on the results of the coefficient 3.4545, Institutional Ownership has positive effect on dividend policy. The average institutional ownership of companies amounts to 68%, and it remains relatively stable with minimal significant changes. Therefore, institutional ownership contributes significantly to the intervention and supervision of the company's management performance. Institutional ownership has a dominant role in determining the dividend policy of the company, particularly

during General Meetings of Shareholders (GMS). Higher levels of institutional share ownership would lead to intensified and extensive oversight efforts, imposing constraints on opportunistic managerial behavior aimed at maximizing personal interests [18]. With the influence of institutional ownership impacting managerial behavior, this can lead to a reduction in agency costs.

Public Ownership

From the results, the significance is 0.039 < 0.05. So, it shows that public ownership partially has a significant effect on dividend policy. Then based on the results of the coefficient 2.150868, Public ownership has a positive effect on dividend policy. The average public ownership of companies is 29% of the total share ownership of the company. This indicates that public investors are interested in evaluating the company's operations based on the company's annual reports released each year. Companies listed on the Indonesia Stock Exchange are companies that have a proportion of share ownership by the public [19]. With this, all activities and conditions of the company need to be informed and known by the public as part of the shareholders or stakeholders. dividend information serves as a signal to investors that the company is in good and favorable condition, thus attracting new investors. Therefore, as the amount of public-held shares increases, the public's vigilance over every aspect of the company's activities also increases.

Independent Commissioner

From the results, the significance is 0.096 > 0.05. So, it shows that independent commissioners partially have no significant effect on dividend policy. Then based on the results of the coefficient -0.90146, independent commissioner has no negative effect on dividend policy. The fact that can be observed from the seven sampled companies in the property and real estate sector is that they have an average of 39% of independent commissioner’s members. Each sample aligns with the regulations set by POJK No.33 of 2014, which mandates every company to have 2 commissioners, one of whom must be an independent commissioner. If there are more than 2 commissioners in a company, at least 30% of the total commissioners should be independent commissioners. However, the presence of independent commissioners in this research sample may not adequately represent minority shareholders, as they lack decision-making influence that could stimulate correlations with the dividend policy of the company by the company's management. Therefore, companies with independent commissioners primarily focus on overseeing activities and evaluating and directing the policy strategies implemented by the board of directors. Independent commissioners cannot interfere in voting for company policy decisions [20].

Coefficient Determination Test

The determinant coefficient test aims to produce an R-squared (R2) to measure the magnitude of changes in the dependent variable that the role of the independent variables can explain. The R^2 value was obtained at 0.6068or 60.68%, which indicates that the change in the value of the DPR variable can be explained by 60.68% by the independent variables (KPI, KPP, DKI). In comparison, the other 39.32% is explained by other variables not used in this study.

5 Conclusions and Recommendation

5.1 Conclusions

According to the discussion in the previous chapter, the following conclusions can be drawn:

1. Good Corporate Governance (Institutional Ownership, Public Ownership, and Independent Commissioner) have simultaneous effect on the dividend policy.
2. Institutional Ownership (X1) has a significant positive influence on the dividend policy. Institutional Ownership monitor the decisions of the board and hold the ultimate decision-making power when determine company's dividend policy in the General Meeting of Shareholder.
3. Public Ownership (X2) has a significant positive influence on the dividend policy. Corporations issue disclosures to provide investors and investment analysts with information that could influence a Public Investor's investment decision. Based on the information content or signaling theory, a company's dividend policy indicates company performance.
4. Independent Commissioner (X3) has negative but negligible impact on the dividend policy. The independent commissioner's responsibility is to supervise the business's activities. The size of the proportion on the board of independent commissioners has absolutely no impact on the size of the percentage of dividend payments to be distributed to shareholders because the independent commissioner does not play a direct role in making decisions.

5.2 Recommendation

1. For Future Researchers, other variables remain unexplored, and the writer encourages considering different variables, increasing the sample size, and extending the research period in other sectors.
2. For Companies. Companies are encouraged to consider increasing institutional and public ownership to enhance dividend policies, thereby building investor trust and attracting their interest.
3. For Investors who have investment preferences to get returns on stock investments in the form of payments or profits from dividends can look at good corporate governance, such as institutional ownership and public ownership of companies, before investing capital in the form of shares in a company.

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