



## Importance of Liquidity Indicators in Intervening the Dividend Policy

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**ABSTRACT:** This study aims to determine the effect of managerial ownership, institutional ownership and investment decisions on dividend policy with liquidity as an intervening variable in LQ45 companies listed on the Indonesia Stock Exchange (IDX) for the period 2018-2021. This study uses the causal associative method. This population is 45 companies using purposive sampling method. This research was conducted in LQ45 companies listed on the Indonesia Stock Exchange (IDX) for the period 2018-2021. The type of data used in this study is secondary data and analyzed using SPSS 25. The analysis technique in this study uses regression analysis and path analysis. The results of the analysis show that managerial ownership, institutional ownership and investment decisions partially affect dividend policy. Indirectly, liquidity can intervene in managerial ownership and also institutional ownership on dividend policy, while liquidity cannot intervene in investment decisions on dividend policy.

**Keywords:** Managerial Ownership, Institutional Ownership, Investment Decisions, Liquidity And Dividend Policy.



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## INTRODUCTION

Dividend policy is essentially a decision in determining the proportion of profits to be distributed to shareholders and which will be retained as part of retained earnings ([Stereńczak & Kubiak, 2022](#)). Dividend policies in companies are very much considered by investors ([Hussain & Akbar, 2022](#)). Consideration for investors is the rate of return on the funds they invest in the form of shares in the form of dividends or in the form of capital gains ([L. Liu & Shu, 2022](#)). The authority to control dividend policy is one of the powers delegated by shareholders to the board of directors ([Akindayomi & Amin, 2022](#); [Lee, 2022](#))

Companies that decide to distribute their profits in the form of dividends will make available company funds limited, but on the other hand the distribution of dividends can give a positive signal for companies in the capital market because the company is considered capable of providing returns to shareholders in the form of dividends ([Cao et al., 2022](#); [Kasahara & Orihara, 2022](#)). Shareholders or investors certainly want the company's profit and profit per share to be stable or even increase every year ([Barros et al., 2021, 2022](#); [Grassetti et al., 2022](#)).

Dividend policy is also related to the relationship between managers and shareholders ([Nguyen & Tran, 2022](#)). Agency problems occur when management does not own a majority stake in the company. Shareholders want managers to work with the aim of maximizing shareholder wealth ([Ali & Hegazy, 2022](#); [Fernández-Portillo et al., 2022](#)). The agency conflict can be minimized by providing an opportunity for management to be involved in the ownership of a company's shares so that the management and the shareholders have the same interests, namely in order to benefit from the funds invested ([H. Liu, 2021](#); [Xu & Huang, 2021](#); [Yu et al., 2021](#)).

Company liquidity is one of the main considerations for managers in determining the amount of dividend policy because a company's liquidity will indicate a company's ability to provide company operational funds and to pay off its short-term obligations ([Berrospide & Herrerias, 2015](#); [Lin et al., 2019](#); [Ly & Shimizu, 2018](#)). Liquidity problems are related to the ability of a company to meet its financial obligations which must be fulfilled immediately in the short term, therefore the high and low liquidity of a company can affect the company's dividend policy, to assess the company's liquidity position can use the Current Ratio ([Norvaišienė & Stankevičienė, 2014](#); [Vijayakumaran, 2021](#); [Yeo, 2016](#)).

The ownership structure can minimize the occurrence of agency conflicts, one of which is the existence of managerial ownership in a company ([Aksoy et al., 2020](#)). Managerial ownership will align the interests of management and shareholders, so that managers will directly feel the benefits of decisions taken correctly and will feel the losses as a consequence of making wrong decisions ([Karminsky & Rybalka, 2019](#)). The greater the managerial ownership in the company, the management will tend to try to improve its performance for the benefit of shareholders and their own interests ([Cui et al., 2019](#)). The better the company's performance, the higher the value of the company and the welfare of shareholders will be realized ([Alhazaimeh et al., 2014](#); [Jiang & Li, 2015](#)).

In addition to managerial ownership, institutional ownership can also minimize agency conflicts ([Rhou et al., 2019](#)). Institutional ownership in a company will encourage increased supervision of management performance, because share ownership represents a source of power that can be used to support management performance ([Shan et al., 2021](#)). Supervision carried out by institutional investors is highly dependent on the size of the investment made ([Park et al., 2022](#)).

Investment decisions have a term a long time, so the decisions taken must be considered well, because it has long-term risks as well. A decision investment is strongly influenced by the availability of company funds originating from internal funding sources and external funding sources ([Fabisik et al., 2021](#)). Company management has a goal to increase the value of the company through the implementation of financial decisions consisting of investment decisions, funding and dividend policy, therefore in its implementation must be carried out carefully and precisely, bearing in mind every decision financial decisions taken will affect other financial decisions and will impact on the achievement of company goals ([Paula Monteiro et al., 2022](#)).

Based on the description above, this research focuses on the discussion title "Importance Of Liquidity Indicators In Intervening The Dividend Policy".

### Agency theory

Agency Theory is a theory that regulates the relationship between shareholders as principal with the manager as agent ([Solomon et al., 2021](#)). The principal authorizes the agent to run the company's business in the interests of the principal ([Zapparoli et al., 2022](#)). If managers act to prioritize their individual interests rather than the interests of shareholders, the company will be

harmful. This situation gives rise to agency conflicts between managers and company owners. Each party has a purpose and has different risks associated with its behavior. If managers fail to carry out their functions, they risk not being appointed again as company managers, while shareholders will risk losing their capital if they choose the wrong manager ([Fan et al., 2021](#)).

Conflicts of interest between managers and shareholders can be minimized by a monitoring mechanism that can align these related interests ([Cruz & Haugan, 2019](#)). However, with the emergence of this supervisory mechanism, there is a cost called agency cost ([Marks-Bielska, 2021](#)). This agency cost will increase the use of debt, if debt increases, the company's risk will be higher and the dividend distribution expected by shareholders will be reduced, because the company must pay debts and previous debt burdens ([Meilita & Rokhmawati, 2018](#)). To minimize agency costs, it can be done by increasing ownership structures such as managerial ownership and institutional ownership ([Yusuf et al., 2018](#)).

### Dividend policy

Dividend policy is a company's decision about how much profit earned will be distributed to shareholders as dividends or even prefer to hold these profits as retained earnings of the company. Dividends are the rate of return or the level of profit expected by shareholders who invest their funds in a company ([Hussain & Akbar, 2022](#); [Stereńczak & Kubiak, 2022](#)).

The size of the dividends paid will affect the achievement of the goal of maximizing shareholder welfare. The company's dividend policy is reflected in its dividend payout ratio, namely the percentage of profits distributed in the form of cash dividends, meaning the size of the dividend payout ratio will affect the investment decisions of shareholders and on the other hand affect the company's financial condition. In general, shareholders expect a relatively stable dividend distribution because this will reduce uncertainty over the desired results from the investments that have been made and can also increase shareholder confidence in the company so that the share value can also increase. For companies, the choice to distribute profits in the form of dividends will reduce their internal sources of funds, on the contrary if the company holds its profits in the form of retained earnings, the ability to form internal funds will be greater which can be used to finance company activities, thereby reducing the company's dependence on external funds ([Akindayomi & Amin, 2022](#); [Ali & Hegazy, 2022](#); [L. Liu & Shu, 2022](#)).

If the company chooses to distribute profits as dividends, the growth rate will decrease so that it has a negative impact on the company's shares. On the other hand, if the company does not distribute dividends, the market will give a negative signal to the company's prospects so that an increase in dividends signals a favorable change in manager expectations and a decrease in dividends shows a pessimistic view of the company's prospects in the future ([Cao et al., 2022](#)).

### Managerial ownership

Managerial ownership is a share ownership consisting of management parties who take part in making company decisions such as managers, directors and commissioners. Managerial ownership in a company can make management have a common interest with outside investors, namely to obtain a return (refund) on the funds invested in the form of dividends from the profits earned by the company ([Gilje et al., 2020](#); [Guthrie & Hobbs, 2021](#)).

Managerial ownership will make managers act carefully in managing the company and in making company decisions, because every decision making the manager will feel directly from the decision making ([Iwasaki et al., 2020](#)). The greater the insider ownership (managerial ownership), then the difference in interests between shareholders (owners) and company managers

(management) will be smaller because they will act more carefully because managers also bear the consequences of the decisions they have taken ([Chen et al., 2022](#)). If the insider ownership is small, it means that only a small number of shareholders are involved in managing the company, so the higher the possibility of agency problems ([Simanjuntak, 2019](#)).

### **Institutional ownership**

Institutional ownership is share ownership by other institutions originating from external parties (outside) the company. In addition to managerial ownership, institutional ownership can also minimize agency conflicts. Because institutional investors will appoint managers to manage the funds they invest and manage the company in order to expect a return from the investment funds. This is because institutional investors have greater resources than other shareholders so they are considered capable of implementing a good supervisory mechanism ([Mishra, 2022](#)).

The greater the ownership of the institution, the greater the voting power and encouragement of the institution to oversee management. As a result, it will provide a greater impetus to optimize the value of the company so that the company's performance will increase. This increased performance will be beneficial for shareholders because in other words shareholders will get a lot of benefits in the form of dividends ([Wang & Sun, 2022](#)).

### **Investment decision**

Investment is an activity in investing funds in a particular field. Investments can be made in various ways, one of which is investing in shares ([Haque et al., 2022](#)).

The right and maximum investment decision will give a positive signal to investors so that investors will no longer hesitate to invest their funds in the company ([Siganos, 2022](#)). However, investors must also pay attention to other things that can support or hinder the return of the funds invested.

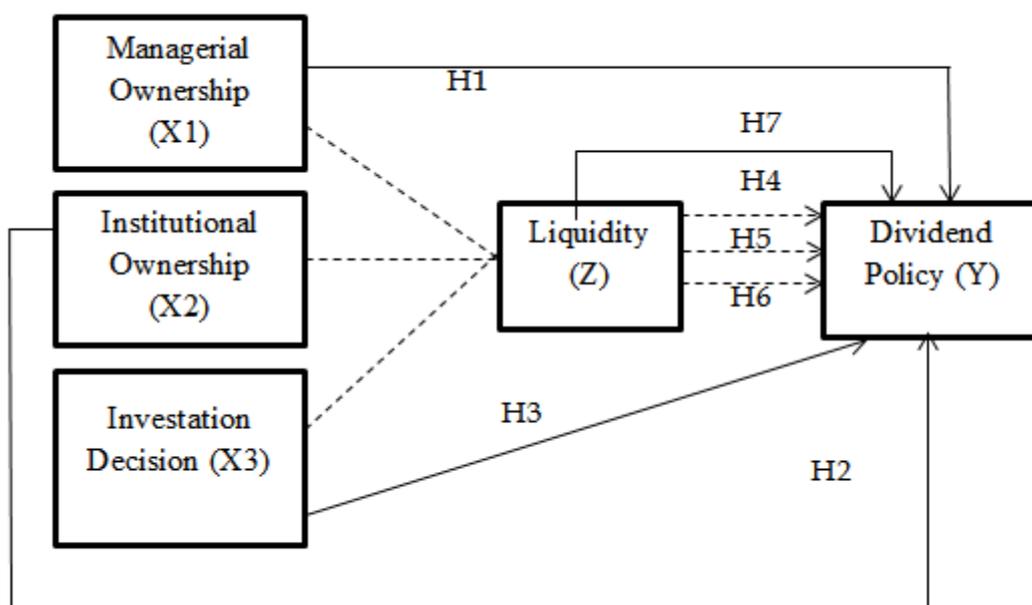
### **Liquidity**

Liquidity is an indicator of the company's ability to pay all short-term financial obligations at maturity using available current assets. Liquidity is not only related to the overall state of the company's finances, but also relates to its ability to convert current assets into cash ([Afriani et al., 2013](#); [Vijayakumaran, 2021](#)).

Companies that have a high level of liquidity tend to have good financial conditions because they can immediately disburse available assets to pay off debts when they fall due. The better the liquidity of a company, it will be able to pay more dividends (Ly & Shimizu, 2018).

The company's liquidity position is an important factor that must be considered before making a decision to determine the amount of dividends to be paid to shareholders. Because dividends are cash outflows, the stronger the company's liquidity position, the greater the company's ability to pay dividends ([Yeo, 2016](#)).

## FRAMEWORK



## RESEARCH HYPOTHESIS

1. Managerial ownership has an effect on dividend policy.
2. Institutional ownership has an effect on dividend policy.
3. Investment decisions affect dividend policy.
4. Liquidity can intervene between managerial ownership of dividend policy.
5. Liquidity can intervene between institutional ownership and dividend policy.
6. Liquidity cannot intervene between investment decisions and dividend policy.
7. Liquidity has an effect on dividend policy.

## METHOD

Quantitative Research Method is a research method based on the philosophy of positivism and research data in the form of numbers and analysis using statistics (Ghozali, 2016; Sugiyono, 2019). The research design used in this study is a causal associative design, namely research that aims to determine the causal relationship between two or more variables in the presence of intervening variables (Basuki & Prawoto, 2019; Santoso, 2014).

### *Population and sample*

In this study, the authors took the population of LQ45 companies listed on the IDX as many as 45 companies. The sampling technique in this study was using the purposive sampling method, which means that the sample was taken based on predetermined criteria with the following criteria:

### *Sample criteria results*

No	Criteria	Amount
1	LQ45 companies listed on the IDX for the period 2018-2021	45
2	Companies that do not publish consecutive financial statements during the study period	(0)
3	Companies that do not use rupiah currency	(12)
4	Companies that do not earn net profit	(2)
5	Companies that do not distribute dividends (DPS) consecutively during the research period	(3)
6	Companies that do not have managerial and institutional shares respectively during the study period	(16)
	Number of companies sampled	12
	Total sample 12 x 4 years	48

### *Research variable*

The dividend policy variable uses a ratio scale with its measurement using the formula by distributing dividends per share (DPS) with earnings per share so that the dividend payout ratio percentage of each company can be known. The managerial ownership variable uses a ratio scale with the measurement using a formula that divides the number of managerial shares with the number of shares outstanding so that the percentage of managerial ownership can be known. The institutional ownership variable uses a ratio scale with the measurement using a formula that divides the number of institutional shares with the number of outstanding shares so that the percentage of institutional ownership can be known. The investment decision variable uses a ratio scale with the measurement using a formula by dividing the price per share with the outstanding earnings per share so that the percentage of the price earning ratio can be known. The liquidity variable uses a ratio scale with its measurement using the current ratio formula by dividing total current assets with total current liabilities so that the percentage of liquidity level can be known.

## **RESULT AND DISCUSSION**

The process of data analysis in this study is to process data using the SPSS 25 application with data analysis techniques using multiple regression and path analysis. The multiple regression model in this study is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information :

- Y = Dividend Policy
- a = Constant
- X1 = Managerial Ownership
- X2 = Institutional Ownership
- X3 = Investment Decision
- , 3 = Regression Coefficient

e = error

And the regression model for path analysis in this study is as follows:

$$Y = \rho_{YX1} + \rho_{YX2} + \rho_{YX3} + \dots \dots \dots 1 \text{ Substructural 1}$$

$$Z = \rho_{ZX1} + \rho_{ZX2} + \rho_{ZX3} + \rho_{ZY} \dots \dots \dots 2 \text{ Substructural 2}$$

The hypothesis was tested with a significance level of 5% with the decision-making criteria, namely if the value of sig < 5% or 0.05, the research hypothesis rejected Ho and accepted Ha, which means that there is an influence between the independent variables on the dependent variable. In addition, if the value of direct influence < value of indirect influence, it can be said that the intervening variable (intermediary) can intervene between the independent variable and the dependent variable.

**Descriptive statistics**

Descriptive statistical tests are used to describe the minimum, maximum, mean and standard deviation of each variable, while the results of the descriptive statistical tests are as follows:

Descriptive Statistics					
	N	Minimum	Maximum	mean	Std. Deviation
MOWN	48	,000	,920	,16041	,271895
CR	48	,482	2,463	1.35627	,424495
INVS	48	,962	34,143	16.63621	7.037462
DPR	48	8,616	77.057	35.71440	18.102482
INST	48	48,915	325,087	69.60211	39.684860
Valid N (listwise)	48				

Source: SPSS 25 output, 2019.

**Classic assumption test**

**Normality test**

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		48
Normal Parameters a,b	mean	,0000000
	Std. Deviation	15.07276910
Most Extreme Differences	Absolute	,103
	Positive	,103
	negative	-,064
Test Statistics		,103
asymp. Sig. (2-tailed)		,200 c,d

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

The table above shows the results of Asymp. Sig. (2-tailed) is greater than 0.05 ( $0.200 > 0.05$ ) which means that the data in this study are normally distributed so that the regression model can be said to be good and can be continued.

**Multicollinearity Test**

Model	Coefficients a	Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	LAG_X1	,835	1,198
	LAG_X2	,849	1,177
	LAG_X3	,788	1,269
	LAG_Z	,860	1,162

a. Dependent Variable: LAG\_Y

Based on the table above, it can be seen that the tolerance value of each variable is for managerial ownership variables 0.835, institutional ownership 0.849, investment decisions 0.788 and liquidity 0.860 which is greater than 0.10 so that the calculation results of the tolerance value indicate that there is no correlation between independent variables. . Meanwhile, the VIF value of each variable shows results that are less than 10 so it can be concluded that there is no multicollinearity between the independent variables in the regression model.

**Autocorrelation Test**

	Runs Test
	Unstandardized Residual
Test Value a	-3.23951
Cases < Test Value	23
Cases >= Test Value	24
Total Cases	47
Number of Runs	24
Z	,000
asymp. Sig. (2-tailed)	1,000

a. median

Based on the autocorrelation table, the results obtained from the Asymp value. Sig. (2-tailed) which is greater than 0.05 ( $1,000 > 0.05$ ) which means that in the regression model there is no autocorrelation so that there is no correlation between the confounding variable in a certain period and the previous variable.

### Multiple Regression Analysis

Model		Coefficients a		Standardized Coefficients Beta	t	Sig.
		Unstandardized Coefficients B	Std. Error			
1	(Constant)	11.533	10,018		1.151	,256
	LAG_X1	1,524	10.088	,022	,151	,881
	LAG_X2	,143	,061	,334	2,367	,022
	LAG_X3	,973	,368	,400	2,646	,011

a. Dependent Variable: LAG\_Y

The table above can be formulated a regression equation to determine the effect of managerial ownership, institutional ownership and investment decisions on dividend policy with the following mathematical equation:

$$DPR = 11.533 + 1.524 MOWN + 0.143 INST + 0.973 INVS + e$$

Hypothesis Test ( Test- T)

Model		Coefficients a	
		t	Sig.
1	(Constant)	1.151	,256
	LAG_X1	,151	,881
	LAG_X2	2,367	,022
	LAG_X3	2,646	,011

a. Dependent Variable: LAG\_Y

To answer the hypothesis regarding the effect of the independent variable on the dependent variable partially, it can be seen through the sig value in the table and then compared with the alpha level value of 0.05 and also looking at the value of the t-count and then compared with the t-table.

#### 1st Hypothesis Test

Based on the test results using SPSS 25 for the managerial ownership variable, it obtained a significance value of 0.881, which means it is greater than 0.05 and t count is smaller than t table ( $0.151 < 1.677$ ), it can be concluded that the first hypothesis accepts  $H_0$  and rejects  $H_a$ , which means that managerial ownership has no effect on dividend policy.

#### 2nd Hypothesis Test

Based on the test results using SPSS 25 for the institutional ownership variable, it obtained a significance value of 0.022 which means it is smaller than 0.05 and t count is greater than t table ( $2.367 > 1.677$ ) so it can be concluded that the second hypothesis accepts  $H_a$  and rejects  $H_0$ , which means that institutional ownership effect on dividend policy.

#### 3rd Hypothesis Test

Based on the test results using SPSS 25 for the investment decision variable, it obtained a significance value of 0.011 which means it is smaller than 0.05 and t count is greater than t table

(2.646 > 1.677) so it can be concluded that the third hypothesis accepts  $H_a$  and rejects  $H_o$ , which means that investment decisions effect on dividend policy.

### Pathway Analysis

#### Pathway Analysis 1st (One) Path

Model	Coefficients a		
	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.151	,256
	LAG_X1	,022	,151
	LAG_X2	,334	2,367
	LAG_X3	,400	2,646

a. Dependent Variable: LAG\_Y

#### Pathway Analysis of Path 2 (Two)

Model	Coefficients a		
	Standardized Coefficients Beta	t	Sig.
1	(Constant)	6,292	,000
	LAG_X1	,171	1,186
	LAG_X2	,173	1,170
	LAG_X3	-,306	-1.901
	LAG_Y	,367	2,441

a. Dependent Variable: LAG\_Z

To answer the hypothesis regarding the effect of the independent variable through the intervening variable on the dependent variable, it can be seen through the beta value in the analysis of path one for the value of direct influence and the value of indirect influence can be calculated by the value in the table in lane two.

#### Fourth Hypothesis

Based on the path table 1, the direct value of the managerial ownership variable is 0.022 and the indirect effect value is obtained by multiplying the beta value of the X1 variable against Y with the beta value of Z against Y ( $0.171 \times 0.367 = 0.062$ ). the result of the multiplication is also added up with the direct influence value, namely  $0.022 + 0.062 = 0.084$ , then the indirect effect value is greater than the direct effect value ( $0.084 > 0.022$ ). This result indicates that X1 through Z indirectly has an influence on Y. Thus that managerial ownership through liquidity has an effect on dividend policy.

#### Fifth Hypothesis

Based on the path table 1, the direct value of the institutional ownership variable is 0.334 and the indirect effect value is obtained by multiplying the beta value of the X1 variable to Y with the

beta value of Z to Y ( $0.173 \times 0.367 = 0.063$ ). the result of the multiplication is also added with the direct influence value, namely  $0.334 + 0.063 = 0.397$ , then the indirect effect value is greater than the direct effect value ( $0.397 > 0.334$ ). This result indicates that X1 through Z indirectly has an influence on Y. Thus that institutional ownership through liquidity has an effect on dividend policy.

### ***Sixth Hypothesis***

Based on the path table 1, the direct value of the investment decision variable is 0.400 and the indirect effect value is obtained by multiplying the beta value of the X1 variable against Y with the beta value of Z against Y, namely  $(-0.306 \times 0.367 = -0.112)$ . the result of the multiplication is also added up with the direct influence value, namely  $0.400 + (-0.112) = 0.288$ , then the indirect effect value is smaller than the direct effect value ( $0.288 < 0.400$ ) this result indicates that X1 through Z indirectly has no effect on Y Thus, investment decisions through liquidity have no effect on dividend policy.

### ***Seventh Hypothesis***

Based on the test results using SPSS 25 for the institutional ownership variable, it obtained a significance value of 0.019, which means it is smaller than 0.05 and t count is greater than t table ( $2,442 > 1,677$ ), it can be concluded that the seventh hypothesis accepts  $H_a$  and rejects  $H_o$ , which means that liquidity has an effect to dividend policy.

## **DISCUSSION**

### ***Effect of Managerial Ownership on Dividend Policy***

The results of the tests carried out using a partial hypothesis test that MOWN has no effect on dividend policy. This is based on that the statistical significance value in SPSS is greater than 0.05 ( $0.881 > 0.05$ ) and the t count is smaller than the t table ( $0.151 < 1.677$ ). This means that the higher the managerial ownership in a company, the dividend policy will decrease. This is not in line with agency theory where high managerial ownership will encourage the relationship between managers and shareholders to get better, so that the debt used to monitor managers will decrease, managers who have shares in the company certainly do not like debt, because with high debt will increase the risk of bankruptcy. Managers who own shares in the company certainly try to increase the prosperity of shareholders. The more shares owned by the manager, the lower the agency cost and the managerial will act more carefully considering that the managerial party will also bear the risk of making the dividend policy.

### ***The Effect of Institutional Ownership on Dividend Policy***

The results of the tests carried out using a partial hypothesis test that INST has an influence on dividend policy. This is based on that the statistical significance value in SPSS is less than 0.05 ( $0.022 < 0.05$ ) and the t count is greater than the t table ( $2.367 > 1.677$ ). The bigger the institutional share ownership, the bigger the dividend policy will be . The existence of institutional owners is expected to be able to carry out an effective monitoring function on company management. The monitoring function aims to make management act with the aim of prioritizing the prosperity of the shareholders, not prioritizing their interests and acting opportunistically. However, this research is contrary to previous research which states that institutional ownership has no effect on dividend policy which states that the existence of institutional ownership in a company has no impact or effect on the company's dividend policy, which means this is contrary to the assumption which states that the presence of high

institutional ownership will make institutional investors carry out intensive supervision of the manager's performance so that managers will strive to provide high returns on share ownership.

### ***The Effect of Investment Decisions on Dividend Policy***

The results of the tests carried out using a partial hypothesis test that INVS has an influence on dividend policy. This is based on the statistical significance value in SPSS which is less than 0.011 ( $0.011 < 0.05$ ) and t count is greater than t table ( $2.646 > 1.677$ ). The right investment decisions taken by the company are expected to provide good profits for the company by generating maximum profit from the investment. The existence of a maximum profit allows managers to allocate these profits to the expected dividend distribution for both managerial and institutional investors by taking into account other factors that can influence the dividend policy taken. This is not in line with research conducted by Damaris Simanjuntak which states that investment (IN) has a negative and significant effect on dividend policy (DPR). This shows that the opening of investment opportunities has encouraged companies to pay dividends in small amounts, so that companies have internal equity to fund investments. On the other hand, companies that do not have good prospects will be reflected in the limited opportunities available for making investment decisions. Limited opportunities for investment will encourage companies to make large dividend payments.

### ***Liquidity Can Intervening Between Managerial Ownership and Dividend Policy***

The results of hypothesis testing using SPSS 25 regarding managerial ownership on dividend policy through intervening obtained the results of a direct influence between managerial ownership on dividend policy of 0.022 and an indirect effect of 0.084, which means that the indirect effect is greater than the direct effect ( $0.084 > 0.022$ ), with this shows that managerial ownership indirectly affects dividend policy with liquidity as the intervening variable. The existence of high managerial ownership and the existence of a high level of liquidity provide a signal to managerial investors to invest their funds in the company. Because with a high managerial level, it will be able to minimize conflicts and agency costs because the manager will have the same interests as the principal who wants a high dividend distribution. The high level of liquidity also gives a signal to investors that the company is able to meet its short-term obligations with liquid assets. The existence of the ability to fulfill its short-term obligations gives an illustration that the company also has the ability to distribute dividends in accordance with the expectations of managerial investors. Therefore, liquidity is able to intervene between managerial ownership and dividend policy.

### ***Liquidity Can Intervene Between Institutional Ownership and Dividend Policy***

The results of hypothesis testing using SPSS 25 regarding institutional ownership on dividend policy through intervening obtained a direct effect between institutional ownership on dividend policy of 0.334 and an indirect effect of 0.397, which means that the indirect effect is greater than the direct effect ( $0.397 > 0.334$ ), with this shows that institutional ownership indirectly affects dividend policy with liquidity as the intervening variable. High institutional ownership will provide intensive supervision of the performance of managers or companies, maximum company performance is expected to produce maximum company profits as well. The existence of high profits obtained by the company, it is possible that the company will distribute dividends in high amounts as well. The company's liquidity position is an important factor that must be considered before making a decision to determine the amount of dividends to be paid to shareholders. Because dividends are cash outflows, the stronger the company's liquidity position

, the higher the company's ability to pay dividends. Therefore, liquidity is able to intervene between institutional ownership and dividend policy.

### ***Liquidity Can Intervene Between Investment Decisions and Dividend Policy***

The results of hypothesis testing using SPSS 25 regarding institutional ownership on dividend policy through intervening obtained a direct effect between institutional ownership on dividend policy of 0.400 and an indirect effect of -0.112, which means that the indirect effect is smaller than the direct effect ( $-0.112 < 0.400$ ), hereby indicates that the investment decision indirectly does not affect the dividend policy with liquidity as the intervening variable. The investment decision is a decision that must be considered maximally by the company, because the investment decision taken will have an impact on the value of the company. Investment decisions are related to company funding, if the company uses more of its funds to invest in various types of investments, it will reduce the amount of dividend distribution for investors. The high level of liquidity for the company has no impact on the level of investment decisions taken by the company.

### ***The Effect of Institutional Ownership on Dividend Policy***

The results of the tests carried out using a partial hypothesis test that CR has an influence on dividend policy. This is based on that the statistical significance value in SPSS is less than 0.05 ( $0.019 < 0.05$ ) and t-count is greater than t-table ( $2.441 > 1.677$ ). Liquidity has a positive and significant effect on the amount of dividends distributed to shareholders of manufacturing companies listed on the IDX. Liquidity is one of the main considerations in dividend policy because dividends are cash outflows, the greater the amount of cash available along with the company's liquidity, the greater the company's ability to pay dividends. Companies that are able to distribute dividends according to investors' expectations will give a positive signal to the company in the capital market.

## **CONCLUSION**

The first hypothesis (H1) is rejected, which means that there is no influence between managerial ownership variables on dividend policy with a significance value greater than 0.05, namely 0.881  $> 0.05$  with a t count  $<$  t table ( $0.151 < 1.677$ ) so that high managerial ownership does not guarantee that the company will pay high dividends as well. The second hypothesis (H2) is accepted which means that there is an influence between institutional ownership variables on dividend policy with a significance value smaller than 0.05, namely 0.022 and the value of t arithmetic  $>$  t table ( $2.364 > 1.677$ ) so that high institutional ownership allows intensive supervision of company performance so that managers will follow the interests of institutional shareholders which in this case are in the form of dividend distribution in the hope that institutional shareholders will continue to invest their shares in the company. The third hypothesis (H3) is accepted, which means that there is an influence between the investment decision variables on dividend policy with a significance value smaller than 0.05 and a t count  $>$  t table ( $2.646 > 1.677$ ) so that the decisions taken by the company in the form of investment have an influence on the distribution of dividends to shareholders. shareholders by considering other factors that influence the distribution of the dividend. The fourth hypothesis (H4) is accepted, which means that liquidity can intervene (become an intermediary) between managerial ownership of dividend policy with the value of indirect influence  $>$  direct influence ( $0.084 > 0.022$ ) so that the level of liquidity of a company which, if associated with the level of managerial ownership, can indirectly influence the distribution of dividends. The fifth hypothesis (H5) is accepted, which means that liquidity can intervene (become an intermediary) between

institutional ownership of dividend policy with the value of indirect influence > direct influence ( $0.397 > 0.334$ ) so that the level of liquidity of a company which, if associated with the level of institutional ownership, can indirectly provide influence in the distribution of dividends. The sixth hypothesis (H6) is rejected, which means that liquidity cannot intervene (become an intermediary) between investment decisions on dividend policy with the value of indirect influence < direct influence ( $0.288 < 0.400$ ) so that the level of liquidity of a company which, if associated with the level of managerial ownership indirectly cannot influence the distribution of dividends. The seventh hypothesis (H7) is accepted, which means that there is an influence between the liquidity variable on dividend policy with a significance value smaller than 0.05, i.e. 0.019 and the value of t count > t table ( $2,441 > 1,677$ ) so that the company's liquidity level is one of the factors that must be considered in distribution of dividends to shareholders.

### **Limitations**

Based on Adjusted R2 obtained a value of 0.151 which means 15.1% obtained through path 1, changes in dividend policy variables as proxied by the dividend payout ratio can be explained by changes in managerial ownership, institutional ownership, and investment decisions as well as changes in dividend policy together. same. While the remaining 84,9 % is influenced by other factors outside this research model such as debt policy variables, profitability, leverage, company size and others. While Adjusted R2 obtained a value of 0.175 which means 17.5% changes in dividend policy variables as proxied by the dividend payout ratio can be explained by changes in managerial ownership, institutional ownership, investment decisions and liquidity as well as changes in dividend policy together. While the remaining 82.5 % is influenced by other factors outside this research model such as debt policy variables, profitability, leverage, company size and others.

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