Factors affecting dividend policy and the effect of dividend payout policy on stock price volatility in Omnibus Law era

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Abstract
This research will examine the influence of factors affecting Dividend Policy and examine the effect of Dividend Payout Ratio on Stock Price Volatility in the Omnibus Law Era. The method of this paper will be a quantitative and qualitative analysis. The data and sample are the financial statements for the year 2015-2020 that will be taken from Indonesia Stock Exchange (IDX) official website. This research proved that Management Ownership, Profitability (ROA), and Company Size influence Dividend Policy negatively. Meanwhile, Institutional Ownership, Profitability (ROI), Omnibus Law (Tax Dividend), Dividend Coverage Ratio, Liquidity Ratio, and Debt to Equity affected Dividend Policy positively.

Keywords: Dividend Policy, Managerial Ownership, Institutional Ownership, ROA, ROI, Omnibus Law, Liquidity, Debt to Equity Ratio, Dividend Payout Ratio, Stock Price Volatility

Paper type: Research paper

How to cite this Article
Abstrak

Kata Kunci: Kebijakan Dividen, Kepemilikan Managerial, Kepemilikan Institutional, ROA, ROI, Omnibus Law, Liquiditas, Debt to Equity Ratio, Dividend Payout Ratio, Volatilitas Harga Saham

1. Introduction
Undang-Undang (UU) Number 11 in year 2020 concerning Omnibus Law has been issued and this law regulates to increase the ease of creating jobs, including encouraging ease of investment (I Gede Suryantara, 2020). Many laws relating to investment and job creation are redefined in the Omnibus Law. One of the regulated provisions is regarding taxation about the dividends. The amount of the corporation's earnings and profit which the directors (or other appropriate organs of corporation) periodically determine shall be dividend pro-rata among the shareholders is dividend (Norr, 1982). Allocation of determination of retained earnings and payments dividends are a major aspect of dividend policy (Horne, 2012). Dividend policy is an important policy for shareholders because this policy is related to the welfare of shareholders. Institutional ownership (IO), management ownership (IO), debt-to-equity ratio (DER), profitability (P), and company size (CZ) are all factors that influence dividend policy. According to the Clientele Effect theory, dividends policy can be measured by dividend per share (DPS) is intended to meet the needs of certain investor segments (Hanafi, 2004). Therefore, each group of investors has different preferences for policies and company dividends. Group of investors who consider dividends as income will certainly demand dividend payments. As for the group investors who will avoid getting dividend if the rate of tax is high, they tend to choose income from capital gains. Capital gains itself is profits earned from the sale of fixed assets or the difference in the selling price and the purchase price of securities (Sartono, 2001). This study contributes to a better understanding of the impact of the Omnibus Law on dividend policy, the factors that affect the dividend policy, how the perception of investor to the impact of Omnibus Law, and company performance in capital market.

The scope of this research will be companies in Indonesia listed in IDX LQ45 in year 2020. The criterias are companies listed on LQ45 in year 2015-2020 in a row and the company has positive after-tax earnings for 2015-2020. Moreover, the independent variables are the dividend coverage ratio, the company’s liquidity, debt-to-equity ratio, company size, institutional ownership, profitability, Omnibus Law (tax dividend), managerial ownership, and the effect of dividend policy will be the dependent variable.
The author chooses these variables due to the perception of an investors of the dividend policy in Omnibus Law and the company's performance in the capital market will be important as feedback to the government and the investor. The limitation of this research is the scope of the research itself. Due to just limited to LQ45 in the years 2015-2020, future research can extend the scope of taken samples.

2. Theory dan Hypotheses

2.1. Clintelle Effect

According to the Clientele Effect Theory, different groups (clientele) of shareholders will have varying dividend preferences (Miller MH, 1978). Group shareholders who need income currently prefer a high dividend payout ratio. On the other hand, shareholders which not hurry for money at the moment will like it if the company withholds part of the net income company.

2.2. Omnibus Law in Indonesia

Omnibus law's purpose is to reinforce the economy by expanding intensity, making occupations, and making the process simpler to work together in Indonesia. The public authority understands that to realize this vision, it should conquer the issue of overregulation in the nation of Indonesia. Since a long time ago, some parties smothered development in the nation and hindered unfamiliar good regulation for their profit. This time Indonesia's economy is positioned 73rd among 190 nations on the World Bank's rundown, President Joko Widodo has focused on Indonesia to arrive at rank 40 (Greenhouse, 2020). The omnibus law is intended to assist with satisfying this honorable objective, somehow by smoothing out of the complex and at times excess state administrative process. The law will ease limitations in 11 key regions, including enactment work, business authorizing, corporate duty, and land obtaining. At the end of the day, if these actions are executed well, it will make Indonesia an extremely appealing objective for other prospective organizations and financial backers domestically and internationally.

2.3. Before and After Omnibus Law Regulation of Tax Dividends

A tax dividend is a tax levied on profits received by shareholders, insurance policy holders, or cooperative members who receive a share of operating results (Ajengwind, 2020). However, not all parts of the business result from these four sources. Therefore, there are categories of dividends that are not tax objects and tax objects. The object of tax dividends, is still divided into two, namely not subject to income tax deductions (PPh) and subject to income tax deductions. If it is taxed, if it is included in the dividend category, the tax object is subject to income tax deductions. However, the clear part is that the dividend tax payer consists of individuals, entities, and foreign tax subjects. It turned out that the tax dividend, with all its provisions, underwent a change after the implementation of the omnibus law.

Before the implementation of the omnibus law, the dividend tax was subject to final income tax. Each group is not equal in size. For individual taxpayers, 10% is charged. While, the corporate tax payer is 15%. For foreign tax subjects subject to 20%. The tax revenue certainly adds to the income for the state. But unfortunately it will be burdensome for investors. After the implementation of the omnibus law, income from dividends is excluded from the income tax object (Ajengwind, 2020). Therefore, there is
no deduction at all on the income received from dividends. With one special condition, the dividend is invested in Indonesia within a certain period of time.

2.4. Dividend Payout Ratio
The dividend payout ratio is a metric used to assess a company’s dividend policy, which is defined as the amount of income distributed as profits to shareholders and expressed as a percentage. Some businesses pay out their full profit to investors, while others just pay out a portion of their earnings (Adam Hayes, 2021). If a company pays out a percentage of its earnings, the remainder is kept by the company. The maintenance proportion is used to assess the amount of profit held. In addition, a few factors must be considered when calculating the dividend payout ratio, including the organization’s level of development. A new, development-oriented corporation that plans to expand, foster new products, and enter new business sectors should be expected to reinvest the majority, if not all, of its earnings, and can be forgiven for having a low or even nil payout ratio.

2.5. Dividend Coverage Ratio
The dividend coverage ratio is determined by partitioning an organization’s yearly Earning Per Share (EPS) by its yearly Dividend Per Share (DPS) or separating its net gain less required profit installments to favored investors by its profits pertinent to normal investors (Steven Nickolas, 2021). The dividend coverage ratio demonstrates the occasions an organization could deliver profits to its normal investors utilizing its total compensation over a predefined monetary period. For the most part, a higher dividend coverage ratio is more positive.

2.6. Agency Theory and Managerial Ownership
Agency theory according to Jensen and Meckling (1976) is a contract under one or more that entails agents doing certain services for the client while delegating decision-making authority to the agents. Managers do not always behave in the best interests of shareholders. To monitor and prevent opportunistic behavior from managers, shareholders are willing to incur supervision costs (cost agency). Agency costs will usually be minimized by increasing managerial ownership. Managers are allowed to participate in share ownership to align their position with that of shareholders. With managerial ownership, it is expected that managers can act more carefully because they will also bear good or bad consequences for their actions. (Ismiyanti, 2003).

2.7. Debt to Equity Ratio
The debt-to-equity (DER) ratio is calculated by dividing a company’s total liabilities by its shareholder equity (Steven Nickolas, 2021). In corporate finance, the DER ratio is a crucial measure. It’s a measure of how much a corporation relies on debt to fund its operations rather than entirely owned funds. In the event of a corporate downturn, it shows the ability of shareholder equity to pay down all outstanding debts.

2.8. Institutional Ownership
The percentage of shares owned by an institution at the end of the year is known as institutional ownership (Listyani, 2005). According to previous studies, institutional ownership has an unfavorable impact on dividend policy. Thus, the higher the share ownership by institutional, the lower the dividend policy (Dewi, 2008).
2.9. Profitability

The ability of a corporation to make a profit about sales, total assets, and its capital is referred to as profitability (Dewi, 2008). By analyzing profitability, it can be used to back up claims about a company’s ability to make money and the management team's effectiveness. Profitability will be measured by using the ratio of Return on Assets is calculated by dividing net income by the company’s total assets. Also, profitability will be measured again using Return on Investment obtained by dividing net income by total investment owned by the company.

2.10. Companies Size

One way to assess the size of a firm is to use the natural logarithm of the market value of its equity at the end of the year, which is the number of shares outstanding at the end of the year multiplied by the market price of the shares at the end of the year (Dewi, 2008).

2.11. Company’s Liquidity

In the company’s ability to meet its maturing debt, there is a link between current assets and current liabilities (Brigham, 2014). Generally, a company’s liquidity is determined by its capacity to meet short-term obligations. As a result, the usefulness of the company’s ability to finance and meet the obligation is determined. The ration used in this research for measuring a company’s liquidity is the current ratio. The current ratio is a tool to assess a company’s capacity to meet short-term obligations. The current ratio can be measured by comparing the current assets and current liabilities of the company. Usually, the bigger the current ratio, the better company’s liquidity. However, if the current ratio is too high, it can also implicate cash is not being used as well as possible. In most cases, a current ratio of 200 percent (2:1) is regarded as a successful measuring outcome for the business.

2.12. Hypotheses Development

H1: Managerial Ownership and institutional ownership have negative effects on dividend policy.
H2: Profitability (ROI and ROA) and the company’s size have a positive effect on dividend policy.
H3: Changes in tax dividend regulation in Omnibus Law have a positive effect on dividend policy.
H4: dividend coverage ratio, company’s liquidity, and debt-to-equity ratio have a positive impact to dividend policy.
H5: Dividend policy has positive impact to company’s stock price volatility.
H6: Dividend policy has positive impact to investor’s perception on company’s performance.
3. Methodology

3.1. Primary data collecting and processing

The goal of this study is to figure out how the Omnibus Law affects dividend policy, its impact to the company performance in capital market, and the perception of investor to the impact of Omnibus Law on dividend policy. The method used in the research will be a quantitative and qualitative questionnaire method. The method for chosen sample is purposive sampling with some criteria listed in research model. The dividend coverage ratio, the company’s liquidity, the debt-to-equity ratio, institutional ownership,
management ownership, profitability, Omnibus Law (tax dividend), and company size will all be independent variables, while dividend policy will be the dependent variable.

Table 1: Data on the population of companies and sample data for the years 2015-2020.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies listed in LQ45</td>
<td>68</td>
</tr>
<tr>
<td>Companies regularly pay dividends</td>
<td>10</td>
</tr>
<tr>
<td>Companies regularly not pay dividends</td>
<td>58</td>
</tr>
<tr>
<td>Sample companies</td>
<td>68</td>
</tr>
<tr>
<td>Total observations</td>
<td>408</td>
</tr>
</tbody>
</table>

3.2. Variables and Measurement

To allow the author to understand the interrelationships between the influence of the Omnibus Law on a firm’s dividend policy and investor perceptions of company performance, the author will share anonymous questionnaire for the new potential investors. Therefore, the questions will be:

a. Section 1 (The author will explain about Omnibus Law changes of updated regulation of tax dividend in here)
   1) Email
   2) Age
   3) Gender
   4) Investment Experience

b. Section 2 (Agree or disagree section)
   1) Saya akan lebih aktif dalam berinvestasi setelah mengetahui adanya pembebasan pajak dividend dari Omnibus Law. (I will be more active in investing after learning about the dividend tax exemption from the Omnibus Law).
   2) Saya adalah tipe investor yang mementingkan keuntungan modal dan menggunakan sistem trading dalam berinvestasi. (I am the type of investor who is concerned with capital gains and uses a trading system to invest).
   3) Saya adalah tipe investor yang berinvestasi di perusahaan yang sering membagikan deviden. (I am the type of investor who invests in companies that often distribute dividends).
   4) Persepsi saya tentang investasi akan berubah setelah mendengar tentang adanya peraturan Omnibus Law. (My perception of investment will change after hearing about the Omnibus Law).

c. Section 3 (agree or disagree section)
   1) Saya tipe investor yang akan mencari tau tentang kebijakan dividen di suatu perusahaan sebelum berinvestasi. (I am the type of investor who will find out about the dividend policy in a company before investing).
   2) Saya tipe investor yang akan berinvestasi bila sudah merasa bahwa kebijakan dividen di suatu perusahaan sudah sesuai dengan yang saya inginkan. (I am the type of investor who will invest when I feel that the dividend policy in a company is in accordance with what I want).
   3) Saya sangat mementingkan profitabilitas, likuiditas, rasio cakupan dividen dari suatu perusahaan sebelum berinvestasi di sana. (I pay attention to the profitability, liquidity, and coverage ratio of a company before investing there).
4) Sebelum berinvestasi, saya biasanya melihat rasio utang terhadap ekuitas. *(Before investing, I usually look at the debt-to-equity ratio).*

5) Saya sangat mementingkan peraturan pajak yang berlaku sebelum mulai berinvestasi. *(I attach great importance to the applicable tax regulations before starting to invest).*

d. Section 4 (Agree or disagree section)

1) Setelah mengetahui tentang adanya peraturan baru Omnibus Law tentang pembebasan dividen dengan syarat yang berlaku, maka saya akan lebih mempertimbangkan untuk berinvestasi kedepannya. *(After learning about the new Omnibus Law regulation regarding dividend exemption with applicable conditions, I will consider investing more in the future).*

2) Saya merasa sangat terdampak dalam hal positif saat peraturan pajak dividen terbaru dari Omnibus Law diresmikan. *(I felt very impacted in a positive way when the new dividend tax regulation from the Omnibus Law was promulgated).*

3.3. Data Technique Analysis

The method used in the research will be a quantitative and qualitative questionnaire method. The dividend coverage ratio, the company's liquidity, the debt-to-equity ratio, institutional ownership, management ownership, profitability, Omnibus Law (tax dividend), and company size will all be independent variables, while dividend policy will be the dependent variable. The author will use multiple linear regression which can be formulated as:

\[ DP = \alpha_0 + \alpha_1 MO + \alpha_2 IO + \alpha_3 P + \alpha_4 CZ + \alpha_5 OL (tax) + \alpha_6 LR + \alpha_7 DCR + \alpha_8 DER \]

Where \( \alpha_3, \alpha_4, \alpha_5, \alpha_6, \alpha_7, \alpha_8, \alpha_9 > 0 \) and \( \alpha_1, \alpha_2 < 0 \)

Description:

- **DP**: Dividend Policy
- **\( \alpha_0 \)**: constant
- **\( \alpha_3 - \alpha_9 \)**: regression coefficient
- **e**: error term
- **MO**: Management Ownership
- **IO**: Institutional Ownership
- **P**: Profitability measured with return of assets and return on investment
- **CZ**: Company Size
- **OL (dummy)**: Omnibus Law (tax) is change tax rate on dividends, where 0 for company who did not pay dividends and 1 for company who pay dividends.
- **LR**: Company Liquidity measured with current ratio
- **DPR**: Dividend Payout Ratio to measure dividend policy
- **DCR**: Dividend Coverage Ratio
- **DER**: Debt to Equity ratio

4. Results and Discussions

4.1. Descriptive Analysis

There are total 102 respondents. Respondents under the age of 19 and those aged 33 and above received the lowest percentages of 2.9% and 12.7% respectively. Moreover, most of the respondents are male which obtained a percentage of 58.5%, while the female respondents only 41.2%. This proves that men are more willing to take risks in investing than women *(Pranyoto, 2015).*
Table 2: Percentage Distribution of the respondent’s profile

<table>
<thead>
<tr>
<th>Profile Variables</th>
<th>F</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 19 years old</td>
<td>3</td>
<td>2.9%</td>
</tr>
<tr>
<td>19 – 25 years old</td>
<td>60</td>
<td>58.8%</td>
</tr>
<tr>
<td>26 – 32 years old</td>
<td>26</td>
<td>25.5%</td>
</tr>
<tr>
<td>33 years old and above</td>
<td>13</td>
<td>12.7%</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>60</td>
<td>58.8%</td>
</tr>
<tr>
<td>Female</td>
<td>42</td>
<td>41.2%</td>
</tr>
<tr>
<td>Investment Experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Never</td>
<td>8</td>
<td>7.8%</td>
</tr>
<tr>
<td>Less than 5 years</td>
<td>60</td>
<td>58.8%</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>34</td>
<td>33.3%</td>
</tr>
</tbody>
</table>

Source: Data Processed (2023)

4.2. Hypotheses Testing Results and Discussions

Multiple regression model testing was used to look at the impact of 9 independent variables on dividend policy, including DPR, DCR, MO, IO, P, CZ, OL (tax dividend), LR, and DER.

Table 3: Regression Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficients</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>MO</td>
<td>-0.01696</td>
<td>0.04198</td>
</tr>
<tr>
<td>IO</td>
<td>0.01648</td>
<td>0.02128</td>
</tr>
<tr>
<td>P (ROA)</td>
<td>-0.81766</td>
<td>0.00912</td>
</tr>
<tr>
<td>P (ROI)</td>
<td>0.00085</td>
<td>0.00603</td>
</tr>
<tr>
<td>CZ</td>
<td>-0.04921</td>
<td>0.00322</td>
</tr>
<tr>
<td>OL (Tax Dividend)</td>
<td>0.46770</td>
<td>0.00146</td>
</tr>
<tr>
<td>DCR</td>
<td>0.03852</td>
<td>0.00154</td>
</tr>
<tr>
<td>LR</td>
<td>0.00932</td>
<td>0.00398</td>
</tr>
<tr>
<td>DER</td>
<td>0.00135</td>
<td>0.03044</td>
</tr>
</tbody>
</table>

Weighted Statistics

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>R-Squared</td>
<td>0.65018</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.66872</td>
</tr>
<tr>
<td>F-Statistics</td>
<td>9.82507</td>
</tr>
</tbody>
</table>

Table 3 shows the results of regression research, with a coefficient of determination R-squared of 0.65018, or 65.018 percent, indicating that 65 percent of the variation in dividend policy can be explained by the variation of the variables included in this study, and the remaining 35 percent by other variables not included in this study. The error rate utilized in this calculation is 5% (0.05). According to the Clientelle Effect dividend theory, the author will also use data in the form of investor preferences which will eventually be in the form of a questionnaire as a form to see the implications of a company’s dividend policy.

The regression coefficient for Managerial Ownership (MO) is -0.01696 and the P-value is 0.04198. The P-value is less than 0.05. MO has a strong detrimental impact on dividend policy. This study supports the idea that the higher the level of managerial
ownership, the lower/rarer the company's dividend policy is. The conclusions of this study match with research by Dewi (2008), who concluded that MO had a detrimental impact on dividend policy based on their data.

The regression coefficient for Institutional Ownership (IO) is 0.01648, with a P-value of 0.02128. The P-value is less than 0.05. The impact of IO on dividend policy is good and considerable. This can be mean if IO increased or decreased, the dividend policy will follow the IO to increased or decreased. This result contradicts the hypothesis that the higher the IO, the less frequently (or never) the corporation pays dividends in its dividend policy. The findings of this study contradict prior research by Dewi (2008), it was discovered that institutional ownership has a negative impact on dividend policy, with the amounts of shares owned by institutions having a negative impact on dividend policy.

Return on Assets (P-ROA) profitability has a regression coefficient of -0.81766 and a P-value of 0.00912. The P-value is less than 0.05. P-ROA has a considerable detrimental impact on dividend policy. However, Profitability measured with Return on Investments (P-ROI) has a regression coefficient of 0.00085 and a P-value of 0.00603. P-value is lower than 0.05. P-ROI has a considerable and favorable impact on dividend policy. Therefore, profitability will affect differently on dividend policy depends on what ratio the investor used. This outcome is consistent with the hypothesis that the bigger the profitability, the larger the dividend policy if we are using P-ROI to measure the profitability. Furthermore, the findings of this study are similar with previous research by Dewi (2008), who found that profitability had a negative impact on dividend policy when measured using P-ROA, which Dewi (2008) also utilized. The rise in profit having an impact on a company to not distributing dividend, but will use the profit for companies operational.

Company’s size (CZ) has a regression coefficient of -0.04921 and a P-value of 0.00322. P-value is lower than 0.05. CZ has a major detrimental impact on dividend policy. This study disproves the theory that the size of a firm has a positive impact on dividend policy, with the larger the company, the higher the dividend policy. This study's conclusions contradict previous research by Dewi (2008), who concluded that CZ had a significantly positive impact on dividend policy, with major businesses preferring to pay high dividends to retain their investor reputation. This happened because of many companies prefer to not pay dividends due to COVID-19 still happened from 2019-2020 and save all the cash for companies operational.

The regression coefficient for the Omnibus Law tax dividend (OL) is 0.46770, with a P-value of 0.00146. The P-value is less than 0.05. The OL has a major and favorable impact on dividend policy. This finding supports the idea that changes in dividend tax rates will have a direct and beneficial impact on a company's dividend policy. These results indicate that lowering or freed the dividend tax rate is effective to persuade the corporation to pay out higher dividends.

The regression coefficient for Dividend Coverage Ratio (DCR) is 0.03852, with a P-value of 0.00154. A P-value of less than 0.05 is considered significant. DCR has a strong and favorable impact on dividend policy. This finding supports the idea that the DCR influences dividend policy in a beneficial way. As a result, the higher the DCR value, the more likely the corporation is to pay dividends.

Company Liquidity (LR) has a regression coefficient of 0.00932 and a P-value of 0.00398. P-value is lower than 0.05. The dividend policy is influenced by LR in a positive and significant way. This finding supports the idea that explains how a company’s liquidity influences dividend policy in a beneficial way. These results indicate that the LR
variable is sufficient to compel the corporation to pay higher dividends. Therefore, the more liquid the company, the higher chance they will distribute bigger dividends.

The regression coefficient for the Debt-to-Equity Ratio (DER) is 0.00135 and the P-value is 0.03044. The P-value is less than 0.05. DER has a strong and favorable impact on dividend policy. This evidence backs up the idea that DER has a positive impact on dividend policy. If the company’s financial circumstances are able to satisfy its obligations and their equity is in a healthy way, the company has a higher chance to distribute the dividends.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficients</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>DPR</td>
<td>-0.01123</td>
<td>0.00489</td>
</tr>
</tbody>
</table>

However, based on regression of dividend policy measured with dividend payout ratio (DPR) to stock price volatility, the author find that dividend payout ratio affects stock price volatility of the company in negative and significant way. This result shows that the higher dividend payout ratio, then the company’s stock is become more volatile. This means that the result of the regression is not in-line with the hypothesis of the author. Therefore, the author conclude that dividend payout ratio can affect stock price volatility of a company in negative and significant way because of the act of investor. The act mentioned by the author is investor is always interested in company who pay dividend every period or annually. After a company declare that they will distribute dividend to shareholders, mostly the investors will buy the shares before recording date to get the dividend which later resulted of increase significantly in stock price of that company. However, after the payment date, mostly investor will sell the shares to get the capital gain which resulted later decrease significantly in stock price of that company. Therefore, the dividend policy will affect negative and significant to stock price volatility of the company.

According to the research, the majority of the respondents which is 58.8% have fewer than 5 years of experience as an investor. On the other hand, 34 responders or 33.3% have more than 5 years of experience. However, 8 respondents or 7.8% said they had no prior investing experience.

5. Conclusions

The Omnibus Law tax dividend (OL) has a beneficial and significant effect on dividend policy, according to this research; (2) the elements that influenced the dividend policy as reflected by the company’s dividend payout ratio are dividend coverage ratio, managerial ownership, institutional ownership, profitability, company’s size, Omnibus Law (tax dividend), company’s liquidity, and debt to equity ratio; (3) Dividend policy is influenced by the dividend coverage ratio, the company’s liquidity, and the debt to equity ratio; (4) As more investors join in to take advantage of this benefit of stock ownership, the stock price naturally rises, strengthening the idea that the stock is healthy. When a company releases a higher-than-average dividend, public perception generally improves. This mean that a high dividend policy has a favorable impact on stock volatility; (5)
Respondents mostly respond that they will consider investing more in the future after knowing the Omnibus Law regulation regarding dividend exemption with applicable condition which got more than 50%.

The results of this study can provide information to investors in analyzing financial statements related to dividend policy in a company. For companies, the results of this study can be additional information in determining dividend policy for managers who manage financial assets and company performance. In terms of the government, the findings of this study show how the Omnibus Law's impact on a company's dividend policy and investor perceptions can be used as feedback.

The limitation of this research are (1) the author only use 5 observation periods, from 2015 to 2020 were included in this study; (2) the research sample was not divided into industry sectors during testing; (3) there are still several variables that affect dividend policy.

The findings of this study are expected to motivate more research, despite some of the limitations mentioned above. Future research should be able to enhance the study's shortcomings by taking into account a number of aspects, including (1) increasing the number of research observation periods to obtain more samples, namely for a period of 10 years; (2) grouping companies based on industrial sectors, such as financial, transportation, manufacturing, and so on, which are expected to provide different research results; and (3) other variables that can affect dividend policy such as market risk and cash position (Ismiyanti, 2003).

References


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