IOSR Journal of Business and Management (IOSR-JBM)
e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 21, Issue 11. Series. V (November. 2019), PP 64-71
www.iosrjournals.org

Effect of Dividend Policy and Firm Size on Financial Performance (Empirical Study of Go Public Companies Listed on the IDX)

Nagian Toni[1], Yusuf Ronny Edward[2]
[12]Universitas Prima Indonesia, Indonesia
Corresponding Author: Nagian Toni

Abstract: *This study aimed to determine the effect of dividend policy and firm size on financial performance using the structural equation model (SEM). This model is expected to produce a more comprehensive analysis of effect dividend policy and firm size on financial performance on publicly traded companies as well as effect of one variable on other variables directly or indirectly on going public companies on the Indonesia Stock Exchange in 2011-2014. By using a target population of 513 companies and a sample of 315 publicly traded companies on the Indonesia Stock Exchange, the following research conclusions were obtained. Dividend policy and firm size directly effect on financial performance of 4.62% and 9.49%, respectively. Indirectly, dividend policy effect financial performance of 12.96% and firm size indirectly effect financial performance of 12.59%. The total effect of dividend policy and firm size on financial performance is 17.58% and 22.08%, respectively. From the two variables, firm size is more dominant in effect on financial performance. Dividend policy and firm size have a positive effect both directly and indirectly on each other. The theoretical findings from this study can be developed to conduct dividend policy and firm size in publicly traded companies. In other words, that these two variables have a significant effect on the company's financial performance compared to other factors.*
Keywords: Dividend Policy, Firm Size, Financial Performance

Date of Submission: 16-11-2019 Date of Acceptance: 02-12-2019

I. Introduction

The development of the business world in this era of globalization is very rapid, so that transactions between producers and consumers increasingly broad. This has positive and negative impacts for companies in Indonesia. Countries that have abundant natural resources, making it one of the countries targeted by other countries to run a business. Many companies that grow and develop in each field of business they live. Various methods are used by the company to be the best. One way to be superior to other companies is to increase the value of the company and the prosperity of the company owner. Thus, the company must have a strategic plan regarding its financial aspects (Yuliati, 2011).

Dividend Policy Companies listed on the IDX have fluctuated and some companies do not distribute dividends due to declining income. While the size of companies in companies listed on the Stock Exchange vary with big, medium and small categories.

According to Lintner (2005), a company's ability to make a profit is the main indicator of a company's ability to pay dividends, so profitability is the most important determinant of dividends.

One factor that influences financial performance is dividend policy. The company's dividend policy from one company to another is very dependent on the size of the firm. Companies with large, medium and small categories have different dividend policies. According to Rozeff (2008), dividends can be used to reduce the equity agency cost. According to Lintner (2005), a company's ability to make a profit is the main indicator of a company's ability to pay dividends, so profitability is the most important determinant of dividends.

Huang in Isbanah (2015:28-41) and Talebria et al. (2010) in their study found that there was no influence of firm size on the company's financial performance. Whereas in El-Banany research (2008, 2012) it was found that firm size had a significant influence on company performance.

II. Literature Review

2.1 Relationship of Dividend Policy with Firm Size

Denis and Osobov (2008), in their study of six major countries, namely the United States, the United Kingdom, Canada, Germany, France and Japan, found that one of the determinants of dividend payments was firm size. Damodaran (2014) states that an established company will have excess funds so that they do not have a serious problem if they have to divide most of their profits in the form of dividends, even it is very possible that the company takes the policy by repurchasing its shares in market (outstanding stocks).

2.2 Effect of Dividend Policy on Financial Performance

According to Rozeff in Rahmadhana and Yendrawati (2012:25-36), dividends contain information or as a sign of the company's prospects. If the company increases dividend payments, it can be interpreted by investors as a signal of management's expectations about the company's improved performance in the future.

Agency theory Jensen and Meckling (2007) argue that dividends will reduce conflicts between agents and principals. According to Rozeff (2008), dividends can be used to reduce the equity agency cost.

2.3 Effect of Firm Size on Financial Performance

Moh'd, Perry and Rimbey (2008) suggested that large companies will more easily access funding through the capital market. This facility is good information for investment decision making and can also reflect the company's value in the future. The size of the firm describes the size of a firm that can be expressed by total assets or total net sales. The greater the total assets and sales, the greater the size of a firm.

Huang in Isbanah (2015) in his research found that there was no influence of firm size on the company's financial performance. Whereas Wright et al. (2009) found that firm size had a positive effect on financial performance.

III. Research Methods

This research uses causal quantitative research. Sugiyono (2013:37) states that causal quantitative is useful for analyzing variables with other variables or how a variable affects other variables. This study belongs to the type of explanatory research, namely research that explains the position of the variables studied and the relationship between one variable with another variable (Umar, 2005:173).

This study uses descriptive research and verification research using a quantitative approach. Descriptive research is a type of research that aims to provide a more detailed picture of certain symptoms or phenomena. Verification research is a type of research that aims to test a theory or the results of previous research, in order to obtain results that strengthen or invalidate the theory or results of previous research.

This study aimed to determine the effect of dividend policy and firm size on financial performance and its implications for firm value using the structural equation model (SEM). This model is expected to produce a more comprehensive analysis of the impact of dividend policy and firm size on financial performance in publicly traded companies and the effect of one variable on other variables directly or indirectly. Besides wanting to know the implications of financial performance on the value of the company in going public companies on the Indonesia Stock Exchange in 2011-2014. By using a target population of 513 companies and a sample of 315 publicly traded companies on the Indonesia Stock Exchange, the following research conclusions were obtained.

IV. Results and Discussion

4.1 Results

Dividend policy measurement shows that the loading factor of the two dividend policy indicators shows the value of 0.755 for the dividend yield and 0.576 for the dividend payout ratio above the value > +0.50, meaning that the dividend yield and dividend pay out ratio are strong and very meaningful in forming latent variables dividend policy.

Measurement of firm size shows that the loading factor of the two indicators of firm size shows a value of 0.920 for sales and 0.803 for total assets above >> 0.50, meaning that sales and total assets are strong and very significant in shaping the latent variables of firm size.

Measurement of financial performance shows that loading factor as a result of measurement using LISREL, shows that the return on total assets with a loading value of 0.831 has a very significant influence in measuring the latent variables of company performance. Loading values over +0.50 are said to be very meaningful (Bachrudin and Tobing in Hasnawati and Sawir, 2015). Likewise, the basic earning power indicator with a loading value of 0.735 is very meaningful in measuring the latent variables of company performance.

From the structural model 1 it is found that dividend policies and firm size significantly effect financial performance both simultaneously and partially. Based on the results of data processing Lisrel 8.7 program for structural model 1, in accordance with the proposed hypothesis is as follows:

$$\textbf{Financial Performance} = \underset{\substack{(0.0827)\\ 2.597}}{\textbf{0.215*}}\ \textbf{Dividend Policy} + \underset{\substack{(0.0687)\\ 4.487}}{\textbf{0.308*}}\ \textbf{Firm Size}$$

The direct effect of dividend policy on financial performance was 4.62% an direct effect of firm size on financial performance was 9.49%.

Hypothesis Test

Testing Hypothesis Partially Dividend Policy and Firm Size on Financial Performance

a. Effect of Dividend Policy on Financial Performance

Based on the calculation, for dividend policy path coefficient on financial performance of 0.215, the tcount value of 2.597 is obtained by taking a significance level of α of 5%, then the value of t table = 1,972, so because tcount = 2.597 is greater than ttable = 1.972, then H_0 is rejected or in other words dividend payout ratio policy effect financial performance with a path coefficient of 0.215 so that each increase in dividend payout ratio will increase financial performance by 0.215.

b. Efffect of Firm Size on Financial Performance

Based on calculations, for firm size path coefficient on financial performance of 0.308, the tcount value of 4.487 is obtained by taking a significance level of α of 5%, then the value of t table = 1.972, so because tcount = 4.487 is greater than ttable = 1.972, then H_0 is rejected or in other words size of the firm effect financial performance with a path coefficient of 0.308 so that any increase in firm size will increase financial performance by 0.308.

4.2 Discussion

Effect of Dividend Policy on Financial Performance

The direct effect of the dividend policy variable on financial performance was 4.62%. The results of this study support Pettit (1972) and Rozeff (1982), that an increase in dividend payments is interpreted as management's belief that the company's prospects and financial performance will improve. If the company increases the payment of dividends, it is interpreted as a signal of management's expectations about the company's improved performance in the future. While Pramastuti (2007), if management decides to distribute dividends, he must have confidence that his company will have good profitability in the future. From an investor's perspective, one important indicator to assess the company's prospects in the future is to look at the dividends paid.

Effect of Firm Size on Financial Performance

The direct effect of firm size on financial performance was 9.49%. The indirect effect of firm size on financial performance is greater than the direct effect. The results of this study support the research of Lin (2006) and Wright et al (2009) and Odalo et al (2016:34-40) who find that firm size has a positive and significant effect on financial performance.

V. Conclusion and Suggestion

5.1 Conclusion

1.Dividend policy as measured by dividend pay out ratio and dividend yield, shows that the dividend policy of publicly traded companies listed on the IDX experiences various fluctuations. Based on the results of the loading factor the dividend yield looks more meaningful than the dividend payout ratio.

The size of the firm as measured by total assets and sales shows that the size of the firm from going public has increased. Based on the results of loading factors, sales appear to be more meaningful than total assets.

The financial performance of publicly traded companies in Indonesia is well measured through these two indicators, namely return on total assets and basic earning power, indicating that the financial performance of publicly listed companies listed on the Indonesia Stock Exchange experiences various fluctuations. The dimension of return on total assets has the highest percentage compared to basic earning power.

2.Dividend policy has an influence on financial performance in publicly listed companies listed on the Indonesia Stock Exchange by 17.58%. The better the investment policy, the better the financial performance of going public companies listed on the IDX.

3.The size of the firm has an influence on financial performance in publicly listed companies listed on the IDX by 22.08%. The better the size of the firm, it will improve financial performance in publicly listed companies listed on the IDX.

5.2 Suggestion

Referring to the results of the study and the usefulness of the results of this study, it is recommended:

1.Research on the company's external factors that have an impact on financial performance needs to be considered, considering that external factors have not been included in the modeling such as inflation rates, economic growth, currency exchange rates, politics, or industrial development. In addition, it is necessary to consider factors implementing good corporate governance (GCG) by publicly traded companies on financial performance.

2.Conducting research in the category of publicly traded companies that are on the main board, development board and acceleration board. In addition, it is also necessary to study whether the economic crisis and normal conditions provide the same conclusions.
3.Future studies can use other indicators that form latent variables in dividend policy, firm size and financial performance.
4.For companies going public, the results of this study can be used as a material consideration, that it turns out the dividend policy and firm size together have a considerable influence on financial performance and financial performance effect the value of the company, as well as if done separately . The size of the firm is the biggest factor that influences financial performance so that financial performance is still a matter that must be really considered by company management to increase the value of the company and also for investors in investing in companies going public before making a decision.
5.For regulators relating to the capital market can support academic activities in the form of presenting the required data accurately and accurately, so that the academics also have a strong desire to assist the development of the capital market in Indonesia through research whose benefits can really be used for academic and operational developments. In connection with the issue of data completeness and accuracy, the parties concerned such as the OJK and the Indonesia Stock Exchange can use a number of methods. First, create financial and non-financial reporting standards based on practical and academic needs. Second, regulators can consult with academic personnel about the needs of the academic field that can support research that is useful for practical and educational activities. Third, regulators can be more assertive in doing punishment for public companies that commit violations and appropriate rewards for compliance with companies going public. Fourth, publish ICMD books containing summary financial statements of all companies going public no later than 6 (six) months from the close of the book or June 30 of the following year so that secondary data needed for research according to the latest conditions can be done.
6.For capital market players, especially investors, analysts, and those related to investment in the capital market. The results of this study have shown that the company's fundamental factors, especially firm size and dividend policy, have a large influence on the company's financial performance. For this reason, any investment decision made in the capital market must still refer to fundamental analysis, not based on rumors or unreasonable approaches.

Reference

[1]. Afzal,A., and Rohman,A. 2012. Pengaruh Keputusan Investasi, Keputusan Pendanaan, dan Kebijakan Dividen terhadap Nilai Perusahaan. Diponegoro Journal of Accounting,1(2):h:1-9.

[2]. Alam, Z.,and Hosaain, Mohammad E. 2012. Dividend Policy: A Comparative Study of UK and Bangladesh Based Companies .*IOSR Journal of Business and Management (IOSR JBM)*, Vol. 1(1) :pp:57-67.

[3]. Al-Ghamdi, M., and Rhodes, Mark. 2015. Family Ownership, Corporate Governance and Performance: Evidence from Saudi Arabia. International Journal of Economics and Finance, 7(2), 78-89.

[4]. Almas, Heshmati and Hans, Loof. 2008. Dynamic Optimal Capital Structure and Technical Change. Structural Change and Economic Dynamics 15(4), 449-468.

[5]. AlNajjar, F. K and Balkaoui, A. R, 2001, "Empirical Validation of a General Model of Growth Opportunities", *Managerial Finance*; 27, 3; ABI/INFORM Research

[6]. Amidu, M. 2007. Determinant of Capital Structure of Banks in Ghana : An Empirical Approach. Baltic Journal of Management, Vol.2(1), pp:66-79.

[7]. Aprianto, Rachmat and Arifah, Dista Amalia. 2014. Keputusan Investasi,Keputusan Pendanaan, Kebijakan Deviden dan Struktur Kepemilikan terhadap Nilai Perusahaan (Studi pada Perusahaan Manufaktur yang Terdaftar di BEI Tahun 2008-2010). Jurnal Ekonomi dan Bisnis. Vol.15 (1). Semarang : Universitas Islam Sultan Agung.

[8]. Ardestani, Hananeh S.,Rasid, SitiZaleha A.,Basiruddin,R.,and Mehri,M. 2013. Dividend Payout Policy, Investment Opportunity Set, and Corporate Financing in the Industrial Products Sector of Malaysia. *Journal of Applied Finance & Banking*,3(1):pp:123-136.

[9]. Ashamu, S.,Abiola, J., and Bbdmus, S.2012. Dividend Policy as Strategic Tool of Financing in Public Firms :Evidence from Nigeria. *European Scientific Journal*,8(9):pp:1-24.

[10]. Bachrudin, Ahmad and Harapan, L. Tobing. 2003. Analisis Data untuk Penelitian Survei: dengan menggunakan Lisrel 8. Jurusan Statistika FMIPA UNPAD, Bandung.

[11]. Barton SL, Gorgon PJ. 1988. Corporate Strategy and Capital Structure, Strategic Management Journal. 9, pp:623-632.

[12]. Bjuggren, P. O., and Wiberg, D. 2008. Industry Specific Effects in Investment Performance and Valuation of Firms. Empirica, 35(3), 279-291.

[13]. Bunkanwanicha, Pramuan, Jyoti Gupta, Rofikoh Rokhim. 2003. Debt and Entrenchment : Evidence from Thailand and Indonesia, ROSES-CNRS Maison des Sciences Economiques, Universuty Paris.

[14]. Cassar, G. and Holmes, S. 2003. Capital Structure and Financing of SMEs: Australian Evidence. Journal of Accounting and Finance, Vol.43, pp:123-147.

[15]. Champion, D. 1999. Finance : The Joy of Leverage. Harvard Business Review, Vol.77(4), pp:19-22.

[16]. Chandra, Teddy. 2006. Pengaruh Environment Risk, Corporate Strategy dan Struktur Modal Terhadap Produktivitas Aktiva, Kinerja Keuangan dan Nilai Perusahaan pada Perusahaan Go Public di Bursa Efek Indonesia, Disertasi Program Pascasarjana Universitas Brawijaya, Malang.

[17]. ----------------------. 2010. Agency Problem,dan Keputusan Struktur Modal : Bagaimana Perusahaan Mengelola Hutang Dalam Rangka Meningkatkan Produktivitas, Nilai dan Kinerja, Jurnal Aplikasi Manajemen, Vol.8(1).

[18]. Chen, S., and Starnge, R. 2005. The Determinants of Capital Structure : Evidence from Chinese Listed Companies. Economic Change and Restructuring, Vol.38, pp : 11-35.

[19]. Chiarella, Carl, Pham, T. M., Sim, A. B., and Tan, M. M. L. 1992. Determinant of Corporate Capital Structure: Australian Evidence. Pacific-Basin Capital Market Research. III, 139-158.

[20]. Crutchley, C., and R. Hansen. 1989. A Test of The Agency Theory of Managerial Ownership, Corporate Leverage and Corporate Dividend. Journal.

[21]. Darminto. 2007. Pengaruh Investasi Aktiva, Pendanaan dan Pengelolaan terhadap Kinerja Keuangan, Jurnal Ilmu-Ilmu Sosial, Vol.19(1), pp : 33-43.

[22]. Demsetz, H., and Villalonga, B. 2001. Ownership Structure and Corporate Performance. Journal of Corporate Finance, 7, pp : 209-233.

[23]. Denis, David J., and Osobov, Igor. 2008. Why Firms Pay Dividend? International Evidence on the Determinants of Dividend Policy, Journal of Financial Economics, Vol.89, pp : 62-82.

[24]. Denis, D. J., and Denis, D. K. 1994. Majority Owner-Managers and organizational Efficiency. Journal of Corporate Finance, 1 (1), pp : 91.

[25]. Efni,Yulia.,Hadiwidjojo,D.,Salim, U., and Rahayu,M.2011. Keputusan Investasi, Keputusan Pendanaan,danKebijakan Dividen: Pengaruhnya TerhadapNilaiPerusahaan (Studi Pada Sektor Properti dan Real Eastate di Bursa Efek Indonesia). *Jurnal Aplikasi Manajemen*, 10(1):h:128-141.

[26]. El-Bananny, Magdi. 2008. "A study of determinants of intellectual capital performance in bank: The UK case." Journal of Intellectual Capital, Vol. 9, No.3, h. 487-498.

[27]. El-Bananny, Magdi. 2012. "Global financial crisis and the intellectual capital performance of UAE banks." Journal of Human Resource Costing & Accounting,Vol.16, No. 1, h. 20-36.

[28]. El-Sady, Hamdy, H.I., Al-Mawazini, K., and Alshammari, T. 2012. Dividends Policies in an Emerging Market. *International Review of Business Research Papers,* 8(2).

[29]. Elsas, R., and Florysiak, D. 2008. Empirical Capital Structure Research: New Ideas, Recent Evidence, and Methodological Issues. Discussion Paper at Munich School of Management, Munich.

[30]. Ernayani, R. 2015. Pengaruh Kurs Dolar, Indeks Dow Jones dan Tingkat Suku Bunga SBI terhadap IHSG (Periode Januari 2005 – Januari 2015), Jurnal Sains Terapan,Vol.1, No.2, h.108-115.

[31]. Fachrudin, Khaira Amalia. 2011. Analissi Pengaruh Struktur Modal, Ukuran Perusahaan dan Agency Cost terhadap Kinerja Perusahaan. Jurnal Akuntansi dan Keuangan, Vol.13 (1), pp:37-46.

[32]. Fama, Eugene F., 1978, " The Effect of a Firm's Investment and Financing Decision on the Welfare of its Security Holders," *American Economic Review*, vol 68, pp 272-28.

[33]. Fama, Eugene F and French, Kenneth R., 1998, " Taxes, Financing Decision, and Firm Value" , *The Journal of Finance* Vol LIII No 3, June, pp 819-843.

[34]. Fenandar, Ganny I., Raharja, S. 2012. Pengaruh KeputusanInvestasi,KeputusanPendanaan,dan KebijakanDividenterhadapNilaiPerusahaan.*JurnalAkuntansi*,1(2):h:1-10.

[35]. Franklin, Jhon S., and Muthusamy, K. 2011. Impact of Leverage on Firms Investment Decision. *International Journal of Scientific & Engineering Research*,2(4):pp:1-16.

[36]. Gaver, J. J and K. M Gaver., 1993, " Additional Evidence on the Association Between the Investment Opportunity Set and Corporate Financing, Dividend, and Compensation Policies", *Journal Accounting & Economics*, 16, pp 125-160.

[37]. Gaver. J. C and Gaver K.M, 1995, " Compensation Policy and The Investment Opportunity Set", *Journal of the Financial Management association*, Vol 24 No 1.

[38]. Govindarajan, V. 2002. Impact of Participation in The Budgetary Process on Managerial Attitudes and Performance: Universalitic and Contingency 77 78 Perspective. Decision Sciences 17: 496-516.

[39]. Gugler, K., and Yurtoglu, B. B. 2003. Corporate Governance and Dividend Pay-out Policy in Germany. European Economic Review, 4, 731-758.

[40]. Hasnawati, Sri. 2006. Pengaruh Keputusan Investasi, Keputusan Pendanaan, dan Kebijakan Dividen terhadap Nilai Perusahaan Publik di Bursa Efek Jakarta. Disertasi. Program Pascasarjana Universitas Padjadjaran, Bandung.

[41]. Hasnawati, Sri., and Sawir, Agnes. 2015. Keputusan Keuangan, Ukuran Perusahaan, Struktur Kepemilikan dan Nilai Perusahaan Publik di Indonesia. Jurnal Manajemen dan Kewirausahaan, 17(1): h :65-75

[42]. Hermuningsih, Sri. 2012. Pengaruh Profitabilitas, Size Terhadap Nilai Perusahaan Dengan Sruktur Modal Sebagai Variabel Intervening, Jurnal Siasat Bisnis, 16 (2), h: 232-242.

[43]. Hidayat, Riskin. 2010. Keputusan Investasi dan Financial Contraints: Studi Empiris pada Bursa Efek Indonesia. Buletin Ekonomi Moneter dan Perbankan. 457-479.

[44]. Holder, Mark E, Frederick W. Langrehr, and J.Lawrence Hexter. 1998. Dividend Policy Determinants: An Investigation of The Influences of Stakeholder Theory, Journal of the Financial Management Association, Autumn, 27(3),19-40.

[45]. Honarbakhsh,S.,Birjandi,H.,andBirjandiM.2013.TheEffectsofDividendPolicyonMarketValue on Companies Listed In Tehran Stock Exchange.*InternationalReviewofManagement andBusinessResearch*,1(1): pp:65-75.

[46]. Huang, Lan-Ying. 2002. FDI Scale and Firm Performance of Taiwanese Firms in China. Dissertation. H. Wayne Huizenga School of Business and Enterpreneurship. Nova Southeastern University.

[47]. Indahwati, 2004. Analisis Pengaruh Leverage dan Kebijakan Struktur Modal Terhadap Kinerja Keuangan dan Nilai Perusahaan-Perusahaan Go Public di Pasar Modal Indonesia Selama Masa Krisis 1998-2001. Disertasi Program Pascasarjana Universitas Brawijaya, Malang.

[48]. Indrajaya, G. 2011. Pengaruh Struktur Aktiva, Ukuran Perusahaan, Tingkat Pertumbuhan, Profitabilitas, dan Risiko Bisnis Terhadap Struktur Modal : 78 Studi Empiris Pada PerusahaanSektor Pertambangan yang Listing di Bursa Efek Indonesia Periode 2004 – 2007. Akurat Jurnal Ilmiah Akuntansi nomor 06 Tahun ke 2 September-Desember 2011.

[49]. Indrawati, Titik and Suhendro. 2006. "Determinasi Capital Structure pada Perusahaan Manufaktur di Bursa Efek Jakarta Periode : 2000-2004". Jurnal Akuntansi dan Keuangan Indonesia, Vol.3(1), pp : 77-105.

[50]. Irawan, I Ferry and Achmad, Tarmizi. 2014. Analisis Pengaruh Ukuran Perusahaan Terhadap Kinerja *Intellectual Capital* Dengan Struktur Kepemilikan Sebagai Variabel Moderating. Diponegoro Journal Of Accounting, Vol 3(2), pp :1-11.

[51]. Isbanah, Yuyun. 2015. Pengaruh ESOP, Leverage, dan Ukuran Perusahaan terhadap Kinerja Keuangan Perusahaan di Bursa Efek Indonesia, Journal of Research in Economics and Management, 15(1), h : 28-41.

[52]. Jensen, M. and W. Meckling. 1976. Theory of The Firm : Managerial Behavior, Agency Cost, and Ownership Structure, Journal of Financial Economics, Vol.3, pp : 305-360.

[53]. Jo. Hoje; Pinkerton. J.M; and Sarin. A., 1994, " Financing decisions and Investment Opportunity Set: Some Evidence from Japan", Pasicic-Basin Finance Journal 2, pp:227-242

[54]. Juma'h, A. H., and Pacheco, C. J. O. 2008. The Financial Factors Influencing Cash Dividend Policy: A Sample of U.S Manufacturing Companies. *Inter Metro Business Journal*, 4(2).

[55]. Kaaro, Hermeindito, 2002. " Financing Decision Relevancy: An Emperical Evidence of Balancing Theory*", Jurnal Ekonomi dan Bisnis* (1) Fakultas Ekonomi Adma Jaya Februari.

[56]. ----------------------., 2002b, " Investment decision and Dividend Policy As Determinant of Financing Decision: A New Empirical Evidence", *Jurnal Riset Akuntansi, Manajemen dan ekonomi*, Vol 2 No1 Februari, pp 41-55.

[57]. Kallapur, S and M.A Trombley., 1999, " The Association between Investment Opportunity Set Proxies and Realized Growth", *Journal of Business Finance & Accounting*, 26, pp 505-519.

[58]. ----------------------------------, 2001,"The Investment Opportunity Set: Determinants, Consequences and Measurement", M*anagerial Finance* 27, 3; ABI/INFORM Research; Volume 27 (3).

[59]. Karunia, Aris., and Nuryana, Ida. 2015. Analisis Pengaruh Kebijakan Struktur Modal dan Ukuran Perusahaan Terhadap Kinerja Keuangan dan Implikasinya Terhadap Nilai Perusahaan Pada *Indonesia Most Trusted Companies.* Jurnal Riset Mahasiswa Manajemen (JRMM), 3(1): h : 1-10.

[60]. Khanqah,VahidT.,andAhmadnia,L.2013.TheRelationshipbetweenInvestmentDecisionsandFinancingDecisions:IranEvidence.*Journal ofBasicandAppliedScientificResearch*,3(3):pp:144-150.

[61]. Kumar,S.,Anjum,B.,andNayyar, S.2012.Financing Decisions: Studiof PharmaceuticalCompanies of India.*InternationalJournalofMarketing, FinancialServices&ManagementResearch*,1(1):pp:14-28.

[62]. Kumar, N., and Singh, J. P. 2013. Effect of Board Size and Promoter Ownership on Firm Value: Some Empirical Findings from India. Corporate Governance: The International Journal of Business in Society, 13(1), 88-98.

[63]. Lehmann, E., and Weigand, J. 2000. Does the Governed Corporation Perform Better? Governance Structures and Corporate Performance in Germany. Review of Finance, 32, pp : 2423-2432.

[64]. Lestari,Indri F., Taufik, T., and Yusralaini. 2012. Pengaruh Kebijakan Dividen, Kebijakan Hutang, Keputusan Investasi, dan Kepemilikan Insider terhadap Nilai Perusahaan (Studi Empiris Pada Seluruh Perusahaan yang Terdaftar di Bursa Efek Indonesia 2008-2011). h:1-15.

[65]. Lin, Kun Lin. 2006. Study on Related Party Transaction with Mainland China in Taiwan Enterprises, Dissertation, Management Department, Guo Li Cheng Gong University, China.

[66]. Lintner, J. 1956. Distribution of Incomes of Corporations Among Devidens, Retained Earnings and Taxes, American Economics Review, Vol. 46, pp : 97-113.

[67]. Lowe, Julian, Tony Naughton and Peter Taylor. 1994. The Impact of Corporate Startegy on the Capital Structure of Australian Companie, Managerial and Decision Economics (1986-1998), p:245.

[68]. Mahmoudi, Abolfazl, Ali Reza Yazdani, Hamid Reza Ranjbar Jamal Abadi, Kambiz Babrebayan. 2013. The relationship between Capital Structure and Firm Performance. Interdisciplinary Journal of Contemporary Research in Business, Vol. 5 (8), pp:421-433.

[69]. Mardiyati, Umi, Gatot Nazir Ahmad dan Muhammmad Abrar. 2015. Pengaruh Keputusan Investasi, Keputusan Pendanaan, Ukuran Perusahaan dan Profitabilitas terhadap Nilai Perusahaan pada Sektor Manufaktur Barang Konsumsi yang Terdaftar di BEI Periode 2010-2013, Jurnal Riset Manajemen Sains Indonesia (JRMSI), Vol 6 (1).

[70]. Mireku, Kwame, Samuel Mensah and Emmanuel Ogoe. 2014. The Relationship between Capital Structure Measures and Financial Performance: Evidence from Ghana. International Journal of Business and Management, Vol.9 (6), pp:151-160.

[71]. Modigliani, F&Miller, M. H..,1958," The cost of Capital, Corporation Finance and The Theory of Investment", *The American Economic Review*, 13(3), pp 261-297.

[72]. -----------------------------., 1963," Taxes and The Cost of Capital: A Correction", *American Economic Review*, 53 (3), pp 433-443.

[73]. Moh'd, M.A., Perry, L.G., and Rimbey, J. N.. 1998. The Impact of Ownership Structure on Corporation Debt Policy: A Time-Series Cross-Sectional Analysis. The Financial Review, 33, pp : 85-98.

[74]. Moradi, Nassim S., Aldin, Mahmood M.,Heyrani ,F., and Iranmhad, M. 2012. The Effect of Corporate Governance, Corporate Financing Decision and Ownership Structure on Firm Performance:A Panel DataApproach fromTehran Stock Exchange.*InternationalJournalofEconomics andFinance*, 4(6):pp:86-93.

[75]. Mulyadi, Dedi. 2011. Analisis Faktor-Faktor Manejerial Terhadap Pengelolaan Dana yang Berdampak Pada Kinerja Keuangan serta Implikasinya kepada Pengembangan Usaha Pada Industri Kecil Penggilingan Padi di Sentra Industri Padi Jawa Barat, Disertasi Universitas Pasundan.

[76]. Nadhiroh,U.2013.Studi Empiris Keputusan-Keputusan Dividen,Investasi,danPendanaanEksternalpada Perusahaan-Perusahaan IndonesiayangGo PublicdiBursaEfekIndonesia.*JurnalOtonomi*,13(1):h:91-104.

[77]. Naiker, Vic, Farshid Navissi, and VG Sridharan. 2008. The Agency Cost Effects of Unionization on Firm Value. Journal of Management Accounting Research, 20, 133-152.

[78]. Nath, S. D., Islam, S., and Saha, A. K. 2015. Corporate Board Structure and Firm Performance : The Context of Pharmaceutical Industry in Bangladesh. International Journal of Economics and Finance, 7(7), 106-115.

[79]. Nidar, S. Rahman. 2008. Pengaruh Struktur Kepemilikan, Pertumbuhan Perusahaan, Volatilitas Pendapatan, dan Ukuran Perusahaan terhadap Kebijakan Dividen, Struktur Modal dan Kinerja Emiten Terbaik. Disertasi Program Pascasarjana Universitas Padjadjaran, Bandung.

[80]. Nizar,A.2008. Factors Influencing Corporate Dividend Decision: Evidence from Jordanian PanelData.*InternationalJournalofBusiness*,13(2):pp:177-195.

[81]. Nurlela, Rika and Islahuddin. 2008. Pengaruh Corporate Social Responsibility terhadap Nilai Perusahaan dengan Prosentase Kepemilikan Manajemen sebagai Variabel Moderating. Simposium Nasional Akuntansi XI. Pontianak, 23-24 Juli.

[82]. Odalo, Samuel K., Achoki, George., and Njuguna, Amos. 2016. Relating Company Size and Financial Performance in Agricultural Firms Listed in the Nairobi Securities Exchange in Kenya. International Journal of Economics and Finance, 8 (9) : pp : 34-40

[83]. Owusu-Antwi, George, Mensah, L., Crabbe, Margret, and Antwi, James. 2015. Determinants of Bank Performance in Ghana, The Economic Value Added (EVA) Approach. International Journal of Economics and Finance, 7(1): pp: 204-215.

[84]. Pamungkas, H Setyorini, and Puspaningsih, Abriyani. Pengaruh Keputusan Investasi, Keputusan Pendanaan, Kebijakan Dividen dan Ukuran Perusahaan terhadap Nilai Perusahaan. JAAI, 17(2): h : 156-165

[85]. Park, Kwang Woo and Evans, John., 2004, "Firm Value, Free Cash Flow and Financing Decision: Eviden from Japan", Working Paper, University of Illinios Urbana-Champaign and Curtin Unversity of Technology Australia.

[86]. Patra,A. 2008.TheRelationshipamongFinancing Decisions,InvestmentDecisions,CashDevidend andEarningforthe AgregateStockMarketin TaiwanandChina. *Master's Thesis*National ChengKungUniversity.
[87]. Petersen, M., and Rajan, R. 1994. The Benefits of Lending Relationships: Evidence from Small Business Data. Journal of Finance, Vol.47, pp:3-37.
[88]. Paterson, Pamela P and Benesh. Gary A, 1983.," Reexamination of the Empirical Relationship between Investment and Financing Decisions", *Journal of Financial and Quantitative Analysis,* Vol 18, No 4, pp 439.
[89]. Pettit, R. 1972. Dividend Announcement, Security Performance and Capital Market Efficiency. Journal of Finance, pp : 993-1007.
[90]. Prapaska, Johan R., and Mutmainah, Siti. 2012. Analisis Pengaruh Tingkat Profitabilitas, Keputusan Investasi, Keputusan Pendanaan, dan Kebijakan Dividen terhadap Nilai Perusahaan pada Perusahaan Manufaktur di BEI Tahun 2009-2010, Diponegoro Journal of Accounting, 1(1): h : 1-12.
[91]. Prasetyorini, B. F. 2013. Pengaruh Ukuran Perusahaan, Leverage, Price Earning Ratio dan Profitabilitas terhadap Nilai Perusahaan. Jurnal Ilmu Manajemen, 1(1) : h : 183-196.
[92]. Pratiwi, N. P. Y. Yudiatmaja, F, and Suwendra, I. W. 2016. "Pengaruh Struktur Modal dan Ukuran Perusahaan Terhadap Nilai Perusahaan". Jurnal jurusan manajemen.
[93]. Priyanti, Oktavina Herdiani, dan Yuniawan, Ahyar. 2015. Analissi Implementasi Keadilan Kompensasi di PT. Jasa Raharja (Persero) Kantor Cabang Jawa Tengah. Diponegoro Journal Of Management, Vol.4(3), pp : 1-10.
[94]. Rachmawati, A., and Triatmoko, H. 2007. Analisis Faktor-Faktor yang Mempengaruhi Kualitas Laba dan Nilai Perusahaan. Makssar: Simposium Nasional Akuntansi X.
[95]. Rahmadhana, I., and Yendrawati, R., 2012, Pengaruh Keputusan Investasi, Pendanaan dan Kebijakan Dividen terhadap Nilai Perusahaan, Jurnal Bisnisdan Ekonomi, vol 3, no. 1 Juni, pp 25-36.
[96]. Rajan, R.G. and Zingales, L. 2003. The Great Reversals : The Politics of Financial Development in the 20 th Century. Journal of Financial Economics, Vol.69 (1), pp : 5-50.
[97]. Rizqia,Dwita A., Aisjah, S., and Sumiati. 2013. Effect of Managerial Ownership, Financial Leverage, Profitability,F irmSize,andInvestmentOpportunityonDividendPolicyandFirmValue.*ResearchJournalofFinanceandAccounting*,4(11):pp:120-130.
[98]. Robinson, J. 2006. Corporate Finance in Developing Countries: An Analysis of Dividend Policy among Publicly Listed Firms in Jamaica, Saving and Development, 30(2).
[99]. Rozeff, M. S. 1982. Growth, Beta and Agency Cost as Determinants of Dividend Pay Out Ratios, Journal of Financial Research, Vol.5, pp : 249-259.
[100]. Ruan, W., Tian, G., and Ma, S. 2011. Managerial Ownership, Capital Structure and Firm Value: Evidence from China:s Civilian-run Firms, Australian Accounting, Business and Finance Journal, Vol.5(3), pp : 73-92.
[101]. Salawu, Rafiu O.,Asaolu,TaiwoO.,and Yinusa, DaudaO.2012.FinancialPolicyand Corporate Performance:AnEmpiricalAnalysisofNigerian ListedCompanies. *International Journalof EconomicsandFinance*,4(4):pp:175-181.
[102]. Samuel, S.E., and Gbegi, D.O.2010 .Dividend Policy, Liquidity Constraints and Firm Investment in Nigeria:an Empirical Analysis. *Continental J. Social Sciences,*3:pp:59-64.
[103]. Saputro, Julianto Agung and Jogiyanto Hartono. 2002. Confirmatory Factor Analysis Gabungan Proksi Investment Opportunity Set dan Hubungannya terhadap Realisasi Pertumbuhan, Simposium Nasional Akuntansi 5, Semarang.
[104]. Sartini, Luh P. N., and Purbawangsa, Ida B. A. 2014. Pengaruh Keputusan Investasi, Kebijakan Dividen, serta Keputusan Pendanaan terhadap Nilai Perusahaan Manufaktur di Bursa Efek Indonesia. Jurnal Manajemen, Strategi Bisnis dan Kewirausahaan, Vol.8 (2), pp : 81-90.
[105]. Sasongko, Noer and Wulandari, Nila. 2006. Pengaruh EVA dan Rasio-Rasio Profitabilitas Terhadap Harga Saham. Empirika, 19 (1), pp:64-80.
[106]. Setyaningsih. 1996. Analisis Perbedaan Kinerja Keuangan Perusahaan Sebelum dan Sesudah Go-Public serta Pengaruhnya terhadap Tingkat Hasil Saham di Pasar Modal Indonesia, Thailand dan Jepang. Disertasi Program Pascasarjana Universitas Airlangga, Surabaya.
[107]. Shubiri, Faris N., Taleb, G., and Zoued, N. 2012. The Relationship between Ownership Structure and Dividend Policy: An Empirical Investigation. *Review of International Comparative 644Management,*13(4):pp:644-657.
[108]. Simerly, Roy l., and Minfang Li. 2000. Environmental Dynamism, Capital Structure and Performance : A Theoretical Integration and an Empirical Test, Strategic Management Journal, Chichester, 21(1), pp : 31.
[109]. Sincar, Sumit, Joe l. Turnbow dan Bijoy Bordoloy. 2000. A Framework for Assesing The Relation Between Information Technology Investments and Firm Performance. Journal of Management Information Systems. 16, pp:67-97.
[110]. Smith, Jr.C.W and Watts., R L., 1992, " The Investment Opportunity Set and Corporate Financing, Dividend, and Compensation Policies", The Journal of Financial Economics, December, pp 263-292.
[111]. Soejono, Fransiska. 2010. Pengaruh Kepemilikan, Keputusan Investasi, Pengalaman dan Kinerja Finansial. Jurnal bisnis dan akuntansi. 12 (1), pp:29-38.
[112]. Soliha, E., and Taswan. 2002. Pengaruh Kebijakan Hutang terhadap Nilai Perusahaan serta Beberapa Faktor yang Mempengaruhinya. Jurnal Bisnis dan Ekonomi, 9 : h : 149-163.
[113]. Song, H. S. 2005. Capital Structure Determinants : An Empirical Study of Swedish Companies. Presented at Conference "Innovation Entrepreneurship and Growth", Stockholm, November 18-20.
[114]. Sudarman. 2010. Pengaruh Struktur Modal, Kebijakan Dividend dan KinerjaTerhadap Nilai Perusahaan (Studi Pada Perusahaan LQ45 di BEI).h:1-23.
[115]. Sudarmadji, A. M. and Lana Sularto, 2007. " Pengaruh Ukuran Perusahaan, Profitabilitas, Leverage, dan Tipe Kepemilikan Perusahaan Terhadap Luas Voluntary Disclosure Laporan Keuangan Tahunan", Jurnal PESAT (Psikologi, Ekonomi, Satra, Arsitek & Sipil), Vol 2, Universitas Gunadarma, Jakarta.
[116]. Suharli, Michell. 2005. Studi Empiris Terhadap Dua Faktor Yang Mempengaruhi Return Saham Pada Industri Food & Beverages di Bursa Efek Jakarta, Jurnal Akuntansi dan Keuangan, Vol 7, No.2, h.99-116
[117]. Sugihen, Syafruddin Ginting. 2003. Pengaruh Struktur Modal terhadap Produktivitas Aktiva dan Kinerja Keuangan serta Nilai Perusahaan Industri Manufaktur Terbuka di Indonesia. Disertasi Program Pascasarjana Universitas airlangga, Surabaya.
[118]. Sukamulja, Sukmawati. 2004, "Good Corporate Governance di Sektor Keuangan: Dampak Good Corporate Governance Terhadap Kinerja Keuangan". Vol.8 (1), h.1-25.
[119]. Sulong, Z., and Nor, F.M. 2008. Dividends, Ownership Structure and Board Governance on Firm Value: Empirical Evidence from Malaysian Listed Firms. Malaysian Accounting Review, 7(2).

[120]. Tien Pao, Hsiao, Bohdan Oikas, and Tenpao Lee. 2003. The Determinants of Capital Structure Choice using Linier Models : High Technology Vs. Traditional Corporations. Journal of Academy of Business and Economics.

[121]. Talebria, Ghodratallah, Mahdi Salehi, Hashem Valipour, and Shahram Shafee. 2010. *"Empirical Study of the Relationship between Ownership Structure and Firm Performance: Some Evidence of Listed Companies in Tehran Stock Exchange"*, Journal of Sustainable Development. Vol.3(2), pp.264-270.

[122]. Titman, S., and Assem Safieddine. 1997. Debt and Corporate Performance : Evidence from Unsuccessful Takeover, Natioanl Bureau of Economic Research, Working Paper 6068

[123]. Triwulan, Heni., and Wahidahwati. 2012. Pengaruh Struktur Corporate Governance dan Keputusan Keuangan terhadap Kebijakan Dividen dan Nilai Perusahaan. Jurnal Ilmu & Riset Akuntansi, 1(12), h : 1-18.

[124]. Uwigbe,Uwalomwa*etal*.2012.DividendPolicyand FirmPerformances: AStudyofListedFirmin Nigeria. *Accounting and ManagementInformationSystems*,11(3): pp :442-454.

[125]. Vo, Duc Hong, and Nguyen, Van Thanh-Yen. 2014. Managerial Ownership, Leverage and Dividend Policies : Empirical Evidence from Vietnam's Listed Firms, International Journal of Economic and Finance, Vol. 6 (5), pp : 274-284.

[126]. Wald, J. K. 1999. How Firm Characteristic Affect Capital Structure: An International Comparison. Journal of Financial Research, Vol.22(2), pp:161-187.

[127]. Wongso,A.2012.PengaruhKebijakan Dividen, StrukturKepemilikan, danKebijakan Hutang Terhadap NilaiPerusahaandalamPerspektifTeori AgensidanTeoriSignaling.h:1-12.

[128]. Wright, Peter and Ferris. Stephen P, 1997, " Agency Conflict & Corporate Strategy:The Effect of Divestment on Corporate Value", *Strategic Management Journal* Vol 18, 77-83.

[129]. Wright, Peter, Mark Kroll, Ananda Mukhreji, Michael l. Pettus. 2009. "*Do the Contingencies of External Monitoring Ownership Incentives, or Free Cash Flow Explain Opposing Firm Performance Expectations*?", Journal Management Governance, 13, pp.215-243.

[130]. Yolana, Chastina and Martani, Dwi 2005, Variabel-Variabel Yang Mempengaruhi Fenomena Underpricing Pada Penawaran Saham Perdana di BEJ Tahun 1994-2001, SNA 8 Solo, h.538-553.

[131]. Yuko, Kinoshita and Campos, Nauro F. 2008. Foreign Direct Investment and Structural Reforms: Evidence from Eastern Europe and Latin America. William Davidson Institute Working Paper No. 906.

IOSR Journal of Business and Management (IOSR-JBM) is UGC approved Journal with Sl. No. 4481, Journal no. 46879.

* Nagian Toni. " Effect of Dividend Policy and Firm Size on Financial Performance (Empirical Study of Go Public Companies Listed on the IDX)". IOSR Journal of Business and Management (IOSR-JBM), Vol. 21, No. 11, 2019, pp 64-71.