FACTORS AFFECTING PAYOUT RATIO DIVIDENDS WITH FOREIGN OWNERSHIP AS MODERATING VARIABLES IN MANUFACTURING COMPANIES IN INDONESIA STOCK EXCHANGE

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Abstract: The purpose of this research is to find out and analyze the factors that influence Dividend Payment Ratios such as Return On Assets, Debt to Equity Ratio, Asset Growth, Free Cash Flow and Company size partially and simultaneously to the dividend payment ratio of manufacturing companies on the Indonesia Stock Exchange . This study also aims to determine the effect of foreign ownership variables on the factors that influence dividend payout ratios. The population of this research is 35 manufacturing companies on the Indonesia Stock Exchange with manufacturing years 2015 to 2017. The research sample was selected using the purposive sampling method. Data were processed using panel data regression statistical test methods. The results of this study indicate that return on assets, debt to equity ratio, asset growth, free cash flow and firm size simultaneously influence the dividend payout ratio. Partially the return on asset variable has a positive and significant effect on the dividend payout ratio and the firm size variable has a negative and significant effect on the dividend payout ratio of manufacturing companies on the Indonesia Stock Exchange. While debt to equity ratio, asset growth and free cash flow do not significantly influence the dividend payout ratio of manufacturing companies on the Indonesia Stock Exchange.

Keywords: Return on assets, debt to equity ratio, asset growth, free cash flow, firm size, dividend payout ratio.

1. INTRODUCTION

Dividend policy is a very important policy, because it involves between two parties, namely shareholders and company management who will certainly have different interests. Dividend policy determines the placement of profits, which is between paying to shareholders and reinvesting in companies. In this case, shareholders always hope to get a large amount of dividends. As for the company, aside from being distributed as dividends, the company's net profit is also set aside as retained earnings which will be used to make investments. Of course this is unique, because on the one hand dividend policy is very important to meet investors' expectations of dividends and on the other hand how this dividend policy can be carried out without having to hinder the company's growth. One of the factors that influence dividend policy is profitability, leverage, company growth, and free cash flow, firm size and ownership structure in the company. From previous studies there are differences from the results of these studies. In addition there are fluctuations in the value of dividends found in manufacturing companies. This can be seen in table 1.1 below.

Table 1.1 Net Income Value (NI), Debt value, Asset (Asset) and Dividend

Company	Years	Net Income	Debt	Asset	Dividend
Indofood	2015	3.709	48.710	91.831	168
	2016	5.267	38.233	82.127	235
	2017	5.145	41.183	87.939	237
Indocement	2015	4.356	3.772	27.638	415
	2016	3.870	4.011	30.150	929
	2017	1.859	4.307	28.863	700
Astra	2015	15.613	118.902	245.435	177
	2016	18.302	121.494	261.855	168
	2017	23.165	139.317	295.646	185

Source: Idx.co.id (data processed 2019)

Based on the data table above, that the company PT Indofood Sukses Makmur Tbk. there was a decrease in Net Income in 2017 from Rp 5,267 to Rp 5,145, but this caused the dividend to increase from Rp 235 to Rp 237. Furthermore, in 2016, PT Indocement Tbk. there was a decrease in Net Income from Rp.4,356 to Rp 3,870, but an increase in dividends from Rp.415 to Rp.929 in 2016. Then on PT Astra International in 2016 experienced an increase in Net Income from Rp. 15,613 to Rp. 18,302, while the dividends decreased from Rp.177 to Rp. 168. Furthermore, it can be seen in the Table that the value of debt (debt) at PT Indofood Sukses Makmur Tbk. In 2017 it increased from Rp.38,233 to Rp 41,183, but this caused the dividend to increase from Rp.235 to Rp.237. The same thing can also be seen in PT. Indocement where the amount of the debt value increases but the value of the dividend also increases. This also happened to PT. Astra International in 2016 the value of debt increased from Rp.121,494 to Rp.139,317, while the dividend also increased from Rp.168 to Rp.185.Then the asset value also fluctuated, the value of the assets of PT. Indofood in 2017 increased from Rp.82,127 to Rp.87,939, but dividends increased from Rp.235 to Rp.237. Furthermore at PT. Indocement Tbk increased the value of assets from Rp.27,368 to Rp.30,150 in 2016, but the value of dividends also increased. The same thing happened to PT. Astra in 2017.

2. THEORETICAL BASIS

2.1. Agency Theory

Agency theory is a theory that explains the relationship between shareholders as principals and managers as agents. Shareholders and managers often have conflicting interests, which can lead to conflict between the two. Agency conflict occurs because of differences in interests between shareholders and management regarding company profits (Pujiastuti, 2008). Shareholders view that their goal is to get profits from the company in the form of dividends. On the one hand, the company's management prefers that the profits earned are not distributed to shareholders. These undistributed profits can be used as capital for company expansion.

2.2. Residual Theory

This theory states that the determination of dividend policy is done after the company has completed its investment activities. Thus dividend payments are made if the company still has more funds after investment. According to this theory dividend policy is influenced by investment activities carried out by companies. Companies with high company growth will tend to pay dividends in small amounts because the net profit obtained by the company is used first for investment activities.

2.3. Signaling Theory

Theory that explains the information (signals) given by the company to those who need information on the company's financial statements. The signal given by the company can be in the form of information about the company's performance including the company's dividend policy.

2.4. Dividend Payout Ratio

According to Darmaji (2005: 177) Dividend Payout Ratio is the percentage of profit that will be distributed as dividends. 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.

2.5. Return on Asset

Return on assets is one measure of a company's profitability in generating profits by utilizing the assets used for operations. A high ROA value indicates that the company has a good ability to generate profits. The greater this ratio, the greater the company's ability to generate profits and conversely the lower this ratio will reflect the company's low ability to generate profits.

2.6. Debt to Equity Ratio

Debt to Equity Ratio is a ratio that measures a company's ability to meet all its obligations (both short and long term). The greater this ratio reflects the greater inability of the company to pay its obligations. An increase in the value of the debt to equity ratio will cause a decrease in the ratio of dividend payments (DPR) to shareholders.

2.7. Asset Growth

Asset Growth according to Priyanto (2017), measures the ability of a company's assets to maintain its position in the industry and in economic development in general. Growth Assets shows the growth of assets where assets are assets that are used for operational activities of the company, the faster the growth rate of the company (Growth), the greater the funds needed to finance the growth of the company so that the greater part of the income held in the company which means the smaller dividends paid (Janifairus, et.al, 2013).

2.8. Free Cash Flow

Free cash flow is the amount of discretionary cash flow of a company that can be used for additional investments, pay off debt, buy back the company's own shares (treasury stock), or increase company liquidity (Brigham and Housto, 2010: 93).

2.9. Firm Size

Firm size is a grouping of companies based on the scale of operations that investors use as one of the variables in determining investment decisions. Firm size (company size) describes the size of a company that is indicated by total assets, total sales, average sales level and average total assets.

2.10. Foreign Ownership

Foreign ownership is the proportion of share ownership of companies owned by individuals, legal entities, the government and its overseas parts through direct purchases at companies or through the Stock Exchange (Jayanti and puspitasari, 2017). Companies with large foreign ownership will encourage these foreign investors to conduct high surveillance efforts on the company's activities. The greater the foreign ownership in a company, the more efficient the use of company assets and can increase the value of the company. Thus the welfare of shareholders will increase with the increase in the amount of dividends to be distributed.

2.11. Conceptual Framework and Hypotheses

This study analyzes the effect of return on assets, debt to equity ratio, asset growth, free cash flow and firm size on dividend payout ratios in manufacturing companies through financial reports and annual reports published to the public. The choice of return on assets, debt to equity ratio, free cash flow and firm size in this study as a representative indicator to determine the factors that can influence the dividend payout ratio. Foreign ownership is used as a moderating variable that aims to strengthen or weaken the relationship between variables. Based on the description that has been explained, the research concept is compiled which is a logical relationship from the theoretical foundation and empirical study which can be described as follows:

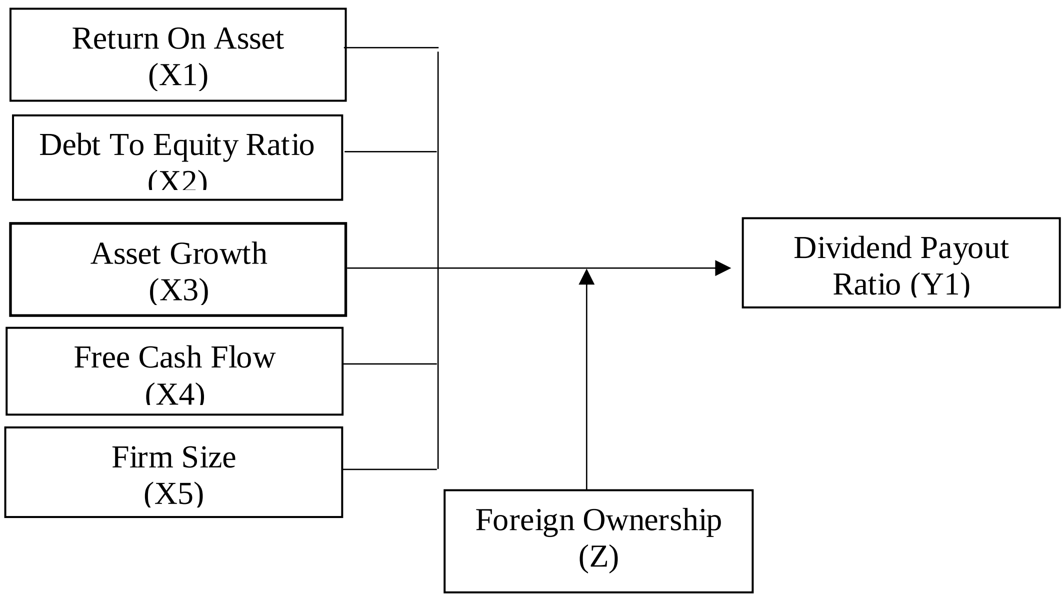

Figure 1 Conceptual framework

Based on the conceptual framework, the hypotheses of this study are as follows:

H1: Return On Assets has a positive effect on the dividend payout ratio for Manufacturing companies listed on the Indonesia Stock Exchange.

H2: Debt to Equity Ratio has a negative effect on the dividend payout ratio on Manufacturing companies listed on the Indonesia Stock Exchange.

H3: Asset Growth negatively influences the dividend payout ratio for Manufacturing companies listed on the Indonesia Stock Exchange.

H4: Free Cash Flow has a positive effect on the dividend payout ratio for Manufacturing companies listed on the Indonesia Stock Exchange.

H5: Firm Size has a negative effect on the dividend payout ratio on Manufacturing companies listed on the Indonesia Stock Exchange.

H6: Foreign ownership can moderate the effect of the return on assets to the dividend payout ratio on Manufacturing companies listed on the Indonesia Stock Exchange.

H7: Foreign ownership can moderate the effect of the debt to equity ratio to the dividend payout ratio on Manufacturing companies listed on the Indonesia Stock Exchange

H8: Foreign ownership can moderate the effect of asset growth on the dividend payout ratio on Manufacturing companies listed on the Indonesia Stock Exchange.

H9: Foreign ownership can moderate the effect of free cash flow on dividend payout ratios on Manufacturing companies listed on the Indonesia Stock Exchange.

H10: Foreign ownership can moderate the effect of firm size on the dividend payout ratio on Manufacturing companies listed on the Indonesia Stock Exchange.

3. RESEARCH METHODS

This type of research used in this research is associative research - causal. This study aims to analyze the relationship between one variable with other variables or how an independent variable affects the dependent variable. The population in this study is the Manufacturing Company in the Indonesia Stock Exchange from 2015 to 2017. The sampling technique uses purposive sampling. The sample in this study amounted to 35 manufacturing companies with a period of 3 periods so there are 105 observations.

The data analysis method used in this study uses panel data regression analysis using the Eviews application. This research uses panel data. Panel data is a combination of time series data and cross section data (Widarjono, 2013). There are three model approaches used to estimate panel data, namely the Common Effect, Fixed Effect, and Random Effect models. There are several tests conducted to be able to estimate panel data, namely the chow test or likelyhood test, haustman test and lagrange multiplier test.

To test the hypothesis, it is carried out with a precision estimate test to find out how big is the relationship between the independent variable and the dependent variable. Testing the hypothesis in this study using the coefficient of determination test (R2), Simultaneous Significant Test (F-Test) and Partial Significant Test (T-Test).

4. RESEARCH RESULTS AND DISCUSSION

4.1. Research Result

Based on the results of the Chow test in this study, the probability value is 0.3204. Because the probability value is 0.3204> 0.05, the estimation model used is the common effect model (CEM). Henceforth, a Langrange-multipler test is performed where the probability value is 0.1554. Because the probability value is 0.1554> 0.05, the estimation model used is the common effect model (CEM).

To test the hypothesis of the coefficient of determination, it is known that the coefficient of determination (Adjusted R-squared) of R ^ 2 is 0.3627. This value can be interpreted as return on assets, debt to equity ratio, asset growth, free cash flow and firm size simultaneously or together affect the dividend payout ratio of 36.27%, the remaining 63.73% is influenced by other factors . The results of the F test, the Prob value is known. (F-statistics), ie 0.001718 <0.05, it can be concluded that all independent variables, namely return on assets, debt to equity ratio, asset growth, free cash flow and firm size simultaneously, have a significant effect on dividend variables payout ratio.

Based on the t test, the panel data regression equation is obtained as follows:

$$Y = 1{,}3691 + 0{,}0152X_1 - 0{,}0167X_2 + 0{,}3851X_3 - 0{,}0000163X_4 - 0{,}0957X_5 + e$$

From the regression equation it can be stated that:

1. A constant value of 1.3691 means that if the return on assets, debt to equity ratio, asset growth, free cash flow and firm size are constant, then the value of the Dividend payout ratio is 1.3691
2. The return on asset regression coefficient is 0.0152 which means that every increase in disclosure of return on assets is one unit, then the dividend payout ratio will increase by 0.0152 units assuming variables other than return on assets are considered constant.
3. The debt to equity ratio regression coefficient of -0.0167 which means that each increase in debt to equity ratio is one unit, then the dividend payout ratio will decrease by 0.0167 units assuming variables other than the debt to equity ratio are considered constant.
4. Asset growth coefficient of 0.3581 which means that each asset growth increases by one unit, then the dividend payout ratio will increase by 0.3581 units assuming variables other than asset growth are considered constant.
5. Free cash flow coefficient of -0.0000163 which means that every increase in free cash flow is one unit, the dividend payout ratio will decrease by 0.0000163 units assuming variables other than free cash flow are considered constant.
6. Firm size coefficient of -0.0957 which means that every increase in firm size by one unit, then the dividend payout ratio will decrease by 0.0957 units assuming variables other than firm size are considered constant.

Then moderation testing is done using the interaction test (MRA). Based on the MRA test, obtained by the interaction moderation equation as follows:

$$\mathrm{Y} = 1{,}77 + 0{,}028X_1 - 0{,}17X_2 + 1{,}05X_3 + 0{,}0008X_4 - 0{,}103X_5 - 0{,}54Z + 0{,}019X_1Z + 0{,}30X_2Z - 1{,}008X_3Z - 0{,}009X_4Z + 0{,}002X_5Z + e$$

From the above equation it can be stated that:

1. Prob value. at X1Z is 0.4718, which is> 0.05, it is concluded that foreign ownership is not significant in moderating the effect of return on assets on dividend payout ratios.
2. Prob value. at X2Z is 0.3853, which is> 0.05, it is concluded that foreign ownership is not significant in moderating the effect of debt to equity ratio on dividend payout ratio

3. Prob Value. at X3Z is 0.2227, which is> 0.05, it is concluded that foreign ownership is not significant in moderating the effect of asset growth on the dividend payout ratio
4. Prob Value. at X4Z is 0.5373, which is> 0.05, it is concluded that foreign ownership is not significant in moderating the effect of free cash flow on the dividend payout ratio.
5. Prob Value. at X5Z is 0.9870, which is> 0.05, it is concluded that foreign ownership is not significant in moderating the effect of firm size on the dividend payout ratio.

4.2. Discussion

Effect of Return on Assets (ROA) on Dividend Payout Ratio (DPR)

The results of the test return on assets variable on the dividend payout ratio is the variable return on assets has a positive and significant effect on the dividend payout ratio. Return on assets has a regression coefficient of 0.0152 which means that if the return on assets increases by one unit, then the variable dividend payout ratio will increase by 1.52% but the return on assets is assumed to be in a constant state. This is in line with research that shows that return on assets has a positive effect on dividend payout ratios ((Lioew, et.al, 2014), (Mardani, 2018) and Damayanti (2006). A similar opinion was stated by Puspita (2009) which stated that return on assets had a significant positive effect on the dividend payout ratio. The results of this study indicate that the positive effect of the variable return on assets on the dividend payout ratio explains that an increase in corporate profitability will have an impact on increasing the distribution of dividends to be paid. Each company has a target to the amount of the dividend payout ratio for shareholders adjusted for the profit target obtained by the company. This adjustment according to Lintner (in Damayanti, 2006: 5) is called the speed of adjustment. The distribution of high dividends to shareholders will indirectly improve the company's image in the eyes of other investors so that they are interested in investing their capital in the company. This is consistent with the signaling theory which states that an increase in dividend payments made by a company can give a positive signal to investors to invest their capital in the company. In addition the company is considered to have good profitability because it can provide high amounts of dividends to shareholders (Weston & Brigham, 2001: 203).

Research that discusses the effect of return on asset variables on the dividend payout ratio with different research results was also conducted (Atmoko, 2017) which states that return on assets negatively affects the dividend payout ratio. Other results were also revealed by (Parera, 2016), (Laim, 2015) and (Damayanti & Achyani, 2006) which stated that there was no influence between the variable return on assets on the dividend payout ratio.

Effect of Debt To Equity Ratio (DER) on Dividend Payout Ratio

The results of the debt to equity ratio test to the dividend payout ratio are negative and not significant to the dividend payout ratio. The analysis shows that the significance value is greater than the value of $\alpha = 0.005$, which is 0.828. Which can be interpreted that the variable Debt to Equity Ratio does not affect the Dividend Payout Ratio. Thus the hypothesis proposed in this study was rejected. This study contradicts the results of research conducted by (Parera, 2016), (Laim,

2015) which states that the debt to equity variable has a negative effect on the dividend payout ratio. Furthermore, the negative and significant effect of the debt to equity ratio variable on the dividend payout, was also stated by (Atmoko, 2018) and (Sari and Sudjarni, 2015).

Partially the debt to equity variable has a negative and not significant effect on the dividend payout ratio. This can be explained that each debt to equity ratio increases, it will be followed by a decrease in the dividend payout ratio. Thus the greater the value of DER, will cause the small value of the dividend to be distributed. To grow, a company needs more funds to fund the expansion of its investment. The funds can be obtained from various sources, both internal and external sources. If the company uses investment funding by relying on debt loans, it will cause a reduction in the amount of dividends to be distributed to shareholders. This is because part of the company's profits are used to pay for loans, with greater interest costs, the profits will decrease. So that it will reduce the amount of dividends to be distributed to shareholders. The insignificant debt to equity ratio might be due to the large amount of debt a company has, so the company must pay off debt or a large interest expense, which results in a smaller net profit generated by the company, including dividends to be distributed to shareholders.

Effect of Asset Growth on Dividend Payout Ratio

The results of the asset growth variable test on the dividend payout ratio are positive and not significant on the dividend payout ratio. This can be seen from the value of the asset growth coefficient of 0.358 with a significance level of 0.089. Which means that the results of the variable asset growth are not significant to the dividend payout ratio. The results of the research reject the proposed hypothesis. The results of this study are consistent with research conducted by Jossie (2013), Ritha and Koestiyanto (2013). Then Difah (2011), Janifairus (2003) and Yuniarta (2014) also support the results of this study. From the results of this study it can be concluded that asset growth has no influence on the dividend payout ratio. The positive coefficient possessed by asset growth shows that companies that have high asset growth values are considered to have more access to the capital market. So that with ease in accessing the capital market, providing opportunities for companies to get funds from external parties that can be used for investment and dividend payments. This is in accordance with the concept of Pecking order theory, which states that the company will use funds from external parties if the company's internal funds are insufficient for its company activities.

The results of this study contradict another study which states that asset growth has a significant negative effect on the dividend payout ratio. The research was conducted by Latiefasari (2011) and Fira (2009). Furthermore, the same research results obtained by Gugler (2003) which states that asset growth has a negative and significant effect on the dividend payout ratio. Kartika, Topowijoyo and Endang (2015) also produced the same research results.

Effects of Free Cash Flow on Dividend Payout Ratio

The results of the free cash flow variable test on the dividend payout ratio are negative and not significant on the dividend payout ratio. The results of this study reject the proposed hypothesis. And this study is in line with research conducted by Mahadwartha (2007) and Pujiastuti (2008) showing that free cash flow has a negative and not significant effect on dividend payout ratio. Free cash flow has a negative effect on the dividend payout ratio because a company that has a high value of free cash flow will use the funds for investment activities first, and then distribute it to shareholders in the form of dividends. This is in line with the residual dividend theory which states that the company will first use its net income for investment activities, then the rest will be distributed as dividends to shareholders. This is what causes the dividend to be distributed to shareholders to be smaller.

Endang and Minaya (2005) also state that the free cash flow variable has no effect on the dividend payout ratio. From the results of the study it can be concluded that the size of the free cash flow owned by a company does not affect the company's decision in determining the amount of dividends to be distributed to shareholders. If the company has a small value of free cash flow but the company still wants to provide dividends as a form of responsibility to shareholders, then the company may use external funds to carry out the decision. The company's decision to use external funds is in accordance with the concept of the Pecking Order Theory, which states that the company in its decision to determine dividend payments tends to use the company's internal funds but if the company does not have sufficient funds, the company will use external funding to resolve the issue.

The results of this study have conflicting results with research results produced by Kumalasari (2008) and Dewi (2015) which states the free cash flow variable has a positive and significant effect on the dividend payout ratio. The same results were also stated by Lucyanda and Lilyana (2012) which stated that there was a positive and significant influence between the free cash flow and the dividend payout ratio.

Effect of Firm Size on Dividend Payout Ratio

The results of the firm size variable test on the dividend payout ratio are negative and significant on the dividend payout ratio. This study supports research conducted by (Saeed, et.al, 2004) with the same results which state that firm size has a negative effect on dividend payout ratio. This is in accordance with the residual theory which states that companies with large size and have good investment opportunity opportunities, will likely distribute their dividends in small amounts to their shareholders, this may be caused by the company's decision to prioritize investment interests rather than dividend distribution. Furthermore, another thing that causes a reduction in the amount of dividends to be distributed is the greater the size of a company, the greater the burden that will be borne by the company in the event of a global shock, such as the ups and downs of the currency. This result is contrary to the results of research conducted by Hermuningsih (2007) which states that the firm size has a positive effect on the dividend payout ratio. Gugler & Yurtoglu (2007), Imran (2011), Primawestri (2011) and Amalia (2011) also state that firm size has a positive and significant effect on the dividend payout ratio.

Effect of Return on Assets on Dividend Payout Ratio with Foreign Ownership as a moderating variable.

The moderating variable test results show that the foreign ownership variable is not a moderating variable that can affect the relationship between the variable return on assets to the dividend payout ratio. This can be seen from the significance value owned by the return on asset variable of 0.471, which means there is no significant effect. So it can be concluded that the size of the return on assets and the percentage of foreign ownership in a company does not affect the size of the dividend payout ratio that will be distributed to shareholders. This may be due to the desires and goals of the investors themselves, usually foreign investors have an investment orientation in the long run, therefore they prefer that the company retains its profits for reuse in investment activities rather than being distributed as dividends.

The Effect of Debt to Equity on Dividend Payout Ratio with Foreign Ownership as a moderating variable.

The results of the study between the variable debt to equity to the dividend payout ratio with foreign ownership as a moderating variable produce a significance value of 0.385 which means that there is no significant effect. The test results of this variable indicate that the foreign ownership variable is not a moderating variable that can moderate the relationship between the debt to equity variable and the dividend payout ratio.

Effect of Asset Growth on Dividend Payout Ratio with foreign ownership as a moderating variable

The results of the study between the variable Asset Growth to the dividend payout ratio with foreign ownership as a moderating variable produce a significance value of 0.222 which means that there is no significant effect. The test results of this variable indicate that the foreign ownership variable is not a moderating variable that affects the Asset growth and dividend payout ratio. Companies with high Asset Growth (corporate growth) will generate large profits, indirectly the dividends to be distributed will also be greater. But because of the law governing dividend tax (Law No. 17 of 2000) concerning income tax, the law states that domestic investors will be subject to 15% dividend tax and 20% foreign investors. With the high tax, it causes foreign investors to prefer companies to hold their profits rather than distribute them as dividends. Thus the size of the asset growth and foreign ownership of a company does not affect the dividend payout ratio.

Effect of free cash flow on Dividend Payout Ratio with foreign ownership as a moderating variable.

The results of the study between the variable Free cash flow against the dividend payout ratio with foreign ownership as a moderating variable produce a significance value of 0.537 which indicates that there is no significant effect. The test results of this variable indicate that the foreign ownership variable is not a moderating variable that affects the Free cash flow and dividend payout ratio. Companies with large foreign ownership and high value of free cash flow do not affect the size of the dividend payout ratio that will be distributed to shareholders. Foreign investors do not really expect income generated from the distribution of dividends that are short-term, this is because foreign investors prefer to invest long-term. So that the presence of foreign ownership in the company does not affect the size of the dividend payout ratio.

Effect of Firm size on Dividend Payout Ratio with Foreign ownership as a moderating variable.

The results of the study between Firm size variables on the dividend payout ratio with foreign ownership as a moderating variable produce a significance value of 0.987 which indicates that there is no significant effect. The test results of this variable indicate that the foreign ownership variable is not a moderating variable that can strengthen or weaken the relationship between Firm size to the dividend payout ratio. Companies with large foreign ownership tend not to pay dividends. Foreign investors in these companies prefer to hold their profits because of the high dividend tax rates, this is in accordance with the theory of tax preferences. Therefore, the firm size of a company and the size of foreign ownership in a company do not affect the dividend payout ratio that will be distributed to shareholders.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

Based on the results of research and testing that has been done, the following conclusions can be drawn:

1. Return on assets has a positive and significant effect on dividend payout ratio.
2. Debt to equity ratio has a negative effect on dividend payout ratio but it is not significant.
3. Asset growth has a positive effect on the dividend payout ratio, but it is not significant.
4. Free cash flow has a negative effect on the dividend payout ratio, but it is not significant.
5. Firm size has a negative and significant effect on dividend payout ratio.
6. Foreign ownership is not significant in moderating the effect of return on assets on dividend payout ratios.
7. Foreign ownership is not significant in moderating the effect of debt to equity ratio on dividend payout ratio.
8. Foreign ownership is not significant in moderating the effect of asset growth on the dividend payout ratio.
9. Foreign ownership is not significant in moderating the effect of free cash flow on the dividend payout ratio.
10. Foreign ownership is not significant in moderating the effect of firm size on the dividend payout ratio.

5.2. Recommendations

The suggestions of this research are as follows:

1. Further researchers are advised to add financial ratio variables other than those used in this study such as Return On Equity, Net Profit Margin, Current Ratio.
2. The next researcher is better to use other moderating variables besides the foreign ownership variable in the next research.
3. The next researcher can add a longer observation year to the next research.

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