

ABSTRACT

Dividend policy is the allocation of company funding and the amount of cash dividends to be paid to shareholders. Companies that are included in the LQ45 stock index means that investors are trusted by investors in evaluating the level of liquidity and market capitalization of the company and firm families have control rights to control company policies.

This study aims to determine the effect of the independent variables, namely company growth, leverage, institutional ownership, board independence, and board size on the dependent variable, namely dividend policy in family companies belonging to the LQ45 stock index on the Indonesia Stock Exchange (IDX) in 2017-2020.

The research method in this study uses quantitative methods with panel data regression analysis. The purposive random sampling technique used resulted a sample of 32 observations of 8 family firms belonging to the index LQ45 shares on the Indonesia Stock Exchange (IDX) in 2017-2020.

The results of the panel data regression show that the variables of firm growth, leverage, institutional ownership, board independence, and board size have a simultaneous effect on dividend policy. While partially company growth and board size have a significant negative effect on dividend policy, and leverage has a significant positive effect on dividend policy. Another variable, institutional ownership, shows that it has no significant negative effect on dividend policy, while board independence shows that it has no significant positive effect on dividend policy.

Keywords: *dividend policy, corporate governance, firm growth, institutional ownership, leverage*