

# CHAPTER I

## INTRODUCTION

### 1.1 Background of Study

Every business has its own set of objectives to meet. A company's primary purpose, on the other hand, is to make a profit. These advantages can be achieved through business operations and incidental activities. To accomplish the organization's goal, the company also anticipates financial backing from outside sources to help it carry out its operations. Creditors and investors are the intended external parties. The outside party also anticipates a response from the corporation. Investors expect the corporation to pay dividends, whereas creditor demand interest.

Dividends are a portion of a company's net profit that is delivered to its stockholders (owners of own capital). The dividend payout ratio (Dividend Payout Ratio) regulates how much profit is distributed as cash dividends and how much profit is maintained as a source of capital. Dividend-paying companies have a higher percentage of own capital because they pay out more dividends.

Dividends are influenced by a number of factors, including ownership structure, tax, and company growth. The amount of shares owned by the firm and the management are compared in the ownership structure. The following are the many forms of ownership structures: Individual ownership, managerial ownership, and institutional ownership are all types of ownership. As a result, the researchers' structure ownership indication is a proportion of board ownership.

Sales growth is factor that can cause businesses to want to do tax avoidance. Increased taxable revenue will result from stronger sales growth, increasing the tax burden. The company will make every effort to improve sales during each quarter. This is because sales growth is critical, as sales turnover is the company's lifeblood.

And tax also have an influence on dividend. Due to Dividends and capital gains (an increase in the value of an investment) will be taxed to shareholder, and tax rates on dividends and capital gains are equal, investors prefer to receive capital gains rather than dividends since tax of capital gains are paid when shares are sold and profits are recognized. To put it another way, investors earn more because they may postpone paying taxes.

Because corporate expansion is a process of expanding the size of a firm, it can have an impact on dividends. Companies with a high degree of potential are more likely to make a significant profit. Growth might also result in significant cash flow possibilities for the organization.

Based on the research of Suyudi et.al (2020), ownership structure and company growth have non-significant effect towards dividend payment, but tax has significant effect towards dividend payment on manufacturing company. According to the research of Anggraini (2018), ownership structure and tax have significant effect toward dividend payment, however, company growth have non-significant effect toward dividend payment on non-financial company.

Therefore, the writer is interested in undertaking research based on the background of study with a thesis titled “**THE IMPACT OF CAPITAL**

**STRUCTURE, TAX, AND COMPANY GROWTH TOWARDS DIVIDEND  
PAYMENT OF INDUSTRIAL COMPANIES LISTED IN INDONESIA  
STOCK EXCHANGE”.**

**1.2 Problem Limitation**

The Problem Limitation of this research are as follows:

1. Industrial company listed at Indonesia Stock Exchange is the object of this research.
2. This research included data from the years 2018 to 2020 and was conducted in 2021.
3. The ownership structure, tax, and company growth are all considered independent variables in this study, while dividend payment is considered a dependent variable.

**1.3 Problem Formulation**

The problem formulation of this research as follows:

1. Does ownership structure partially have significant effect toward dividend payment?
2. Does tax partially partially have significant effect toward dividend payment?
3. Does company growth partially have significant effect toward dividend payment?

4. Do ownership structure, tax, and company growth have simultaneously affected toward dividend payment?

#### **1.4 Objective of the Research**

The objective of this research are as follows:

1. To analyze whether ownership structure have partially significant effect toward dividend payment in industrial companies listed at Indonesia Stock Exchange.
2. To analyze whether tax have partially significant effect toward dividend payment in industrial companies listed at Indonesia Stock Exchange.
3. To analyze whether company growth have partially significant effect toward dividend payment in industrial companies listed at Indonesia Stock Exchange.
4. To analyze whether ownership structure, tax, and company growth have simultaneously affected toward dividend payment in industrial companies listed at Indonesia Stock Exchange.

#### **1.5 Benefit of the Research**

The benefit of this research as follows:

##### **1.5.1 Theoretical Benefit**

This study may benefit theoretically by providing insight and fundamental information of the factors that affect dividend payments from industrial companies listed on the Indonesian Stock Exchange to anyone interested in this

subject. Additionally, this work might serve as a reference for other researcher performing research on related subjects.

### **1.5.2 Practical Benefit**

The practical benefit of conducting this research are as follows:

1. The purpose of this research is to assist investors in determining the factors that have a substantial impact on dividend payments in industrial companies that are listed on the Indonesian Stock Exchange.
2. This research aims to assist businesses in taking into account the process in order to increase the company's value.

