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The Effect of Corporate Tax, Managerial Ownership, and Company Growth on Dividend Payments

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ABSTRACT

This study aims to empirically examine the effect of corporate tax, managerial ownership, and company growth on dividend payments. The research was conducted on manufacturing companies in the chemical industry sub-sector listed on the Indonesia Stock Exchange (IDX) from 2016 to 2020. This study employed a descriptive associative method using secondary data. The samples were selected using a purposive sampling technique, resulting in 80 observations from 16 companies over five years. Data analysis was conducted using Microsoft Excel and EViews 9, including descriptive statistics to describe data characteristics, model fit tests to assess model suitability, classical assumption tests to ensure data validity, coefficient of determination (R^2) to measure model explanatory power, and panel data regression to test hypotheses. The F-test results show that corporate tax, managerial ownership, and company growth simultaneously significantly affect dividend payments. The t-test results indicate that managerial ownership and company growth partially have a positive and significant impact on dividend payments, while corporate tax does not have a significant effect. This finding suggests corporate tax policies may not influence companies' dividend distribution decisions.

Keywords: Tax Rate, Managerial Ownership, Company Growth, Dividend Payment.

JEL Code: G35, H25, G32.

I. Introduction

Tax is a mandatory contribution from the community to the state based on the law, without direct compensation. It is used as much as possible for the interests of the state and the welfare of the people. In the context of state fiscal policy, tax is the main instrument used to fund government spending, strengthen infrastructure, finance social programs, and maintain national economic stability (Tanzi & Zee, 2020). Tax also functions as a tool to regulate economic activity, create income redistribution, and encourage sustainable development. Corporate income tax is a very relevant type of tax to business activities and corporate decisions. This tax is imposed on legal entities such as limited liability companies (PT), cooperatives, foundations, and BUMN/BUMD. Based on Article 1, Paragraph 3 of the Law on General Provisions and Tax Procedures (UU KUP), corporate tax is a tax obligation for every business entity that earns taxable income in the territory of Indonesia.



The corporate tax rates in Indonesia have been adjusted from time to time as part of an adaptive fiscal policy. These adjustments are made to respond to global challenges, maintain investment competitiveness, and adjust to national economic conditions. Through Law Number 2 of 2020, the government has lowered the corporate tax rate from 25% to 22% in 2020, and plans to be 20% in the following years. This policy is designed to ease the burden on corporations amidst economic pressures due to the COVID-19 pandemic and create a fiscal space conducive to economic recovery (Agustina & Meutia, 2021). This reduction in tax rates can theoretically increase the after-tax profit available to companies and potentially encourage a dividend distribution policy to shareholders. However, in practice, corporate tax not only affects corporate profits but also affects managerial policies, including dividend distribution decisions. Because dividends are distributed from net income after tax, the higher the tax rate, the smaller the profit that can be distributed to shareholders. This causes management to have to consider the tax burden when determining the amount of dividends, especially in conditions of economic uncertainty. Dwivedi et al. (2020) show that a high tax burden can reduce a company's incentive to distribute dividends because managers prefer to retain profits to maintain cash stability and fund internal needs. However, the effect of taxes on dividends also depends heavily on industry structure, corporate strategy, and investor expectations (Appannan & Salleh, 2021). In addition to taxes, managerial ownership factors play an important role in determining dividend policy. Within the agency theory framework, a conflict of interest between managers and shareholders can occur if both parties have different goals. As parties who manage day-to-day operations, managers may have incentives to retain profits for business expansion or personal interests. At the same time, shareholders generally want a return on investment through dividends. Management share ownership is one mechanism to align these interests. When managers become part of the company's owners, they will be more motivated to increase their value and distribute profits through dividends because they also receive direct benefits. Research by Nguyen et al. (2021) found that high levels of managerial ownership correlate with more stable and consistent dividend policies, especially in developing countries in Southeast Asia. In Indonesia, where the ownership structure is concentrated and the capital market is still developing, managerial ownership can be an important factor in reducing agency costs and increasing investor confidence (Jiang, Kim, & Zhang, 2022).

Another factor that is no less important is company growth. Companies in the growth phase generally require significant funds to fund expansion projects, product development, innovation, and acquisitions. Therefore, growing companies retain most of their profits for reinvestment and become more conservative in dividend policy. However, this condition is not always absolute. Al-Najjar and Kilincarslan (2022) in the *International Review of Economics & Finance* journal stated that growing companies with a strong financial structure and healthy cash flow can still distribute dividends consistently. In this case, dividends also function as a positive signal to the market that the company's expansion does not interfere with management's commitment to shareholder welfare. This is based on the signaling theory, which states that dividends can be used as a communication tool between management and investors to show the company's financial prospects for the future (Abdallah & Murtagh, 2020). Specifically in the manufacturing industry, especially the chemical industry sub-sector, dividend decision-making becomes more complex. This sub-sector is capital-intensive, requiring significant investments in fixed assets, technology, and raw materials. On the other hand, this sector is also susceptible to changes in commodity prices, environmental regulations, and exchange rate fluctuations. This causes high profit volatility and can affect the consistency of dividend payments. For example, PT Barito Pacific Tbk (BRPT) 2018 experienced a significant decline in net profit and decided not to distribute dividends to maintain internal cash reserves. This decision emphasizes that companies in this sector must make careful considerations, including balancing the need for funding for growth and shareholder demands for dividends.

Furthermore, although several studies have examined the effects of corporate tax, managerial ownership, and corporate growth on dividend policy, the results are inconsistent. Some studies found that corporate tax significantly negatively affects dividends, while others concluded that tax has no statistical effect. This shows that the effect of tax on dividends is not universal, but is highly influenced by a country's tax system, the form of business entity, and the government's fiscal policy strategy. Likewise, the effect of

managerial ownership on dividends can vary depending on the organizational structure, corporate governance, and the maturity level of a country's capital market. The same applies to the effect of corporate growth, which is highly dependent on the type of growth (organic or inorganic), funding sources, and business sectors.

Based on these complexities, this study is important to clarify the relationship between corporate tax, managerial ownership, and corporate growth on dividend payment policy, especially in the manufacturing sector of the chemical industry sub-sector, which has unique characteristics. This study's results are expected to contribute to developing corporate finance literature and become a practical reference for corporate management, investors, and fiscal policymakers. For management, these results can be used to formulate a balanced profit-sharing policy between internal needs and market expectations. These findings can help investors make investment decisions based on the company's ownership structure and growth prospects. Meanwhile, for the government, understanding the impact of tax policy on dividends can be used as evaluation material in formulating a fiscal policy more accommodating to the dynamics of the business world. Thus, through this study, it is hoped that a more comprehensive understanding will be obtained regarding how internal company factors and external fiscal policies interact in forming dividend decisions, ultimately affecting the company's value and overall market confidence.

This research is motivated by the importance of dividend payment policy in corporate financial management, especially for public companies with a moral and strategic obligation to provide returns to shareholders. In the modern business world, dividend policy reflects the company's financial condition and signals its stability and long-term prospects. Therefore, an in-depth study is needed on the factors that influence dividend policy, especially in companies operating in capital-intensive sectors such as the manufacturing industry in the chemical industry sub-sector. This sector has its characteristics, such as high investment needs, raw material price volatility, and sensitivity to fiscal policy, so managerial decisions in profit distribution become more complex. Based on the background, this study's formulation of the problem is focused on the main question. Do corporate tax, managerial ownership, and company growth simultaneously or partially affect dividend payments in manufacturing companies in the chemical industry sub-sector listed on the Indonesia Stock Exchange?

In line with the problem formulation, this study aims to determine and empirically test the effect of corporate tax, managerial ownership, and company growth on dividend payments in manufacturing companies in the chemical industry sub-sector listed on the Indonesia Stock Exchange during a specific observation period. This study seeks to answer whether the three independent variables significantly influence dividend distribution policy. In addition, this study also aims to evaluate whether each variable, namely corporate tax, managerial ownership, and company growth, has a significant contribution to dividend payment policy. The results of this study are expected to enrich academic literature in corporate finance and provide practical contributions for financial managers, investors, and fiscal and capital market regulators in understanding the determinants of dividend policy in this very strategic industrial sector. This research is expected to provide the following benefits: (1) For other researchers, as a reference and basis for further research in financial management (2) For the academic world, adding to the literature, especially regarding dividend policy (3) For companies, it is a consideration when determining dividend payment policy.

II. Literature Review and Hypothesis Development

2.1. Agency Theory

Agency theory is one of the fundamental theories in financial management science that explains the relationship between two main parties in a corporation: principals (shareholders) and agents (managers). This theory assumes that the two parties have different interests, which can lead to agency conflicts if not managed properly. In public companies, this conflict often arises when management that does not own shares retains profits for expansion or personal incentives. At the same time, shareholders want an optimal distribution of

profits through dividends. To overcome this conflict, managerial ownership becomes one of the internal control mechanisms that aligns managers' goals with those of shareholders. When managers become shareholders, they will be encouraged to make decisions that benefit the company and investors. A study by Nguyen et al. (2021) published in *The Quarterly Review of Economics and Finance* confirms that the higher the managerial ownership, the more likely the company is to set a consistent and accountable dividend policy. Thus, agency theory becomes an appropriate conceptual framework to explain how managerial ownership can influence strategic decisions, including dividend distribution.

2.2. Dividends and Signaling Theory

Dividends are a form of distribution of company profits to shareholders, which shows the company's financial performance. In the framework of Signaling Theory, dividend policy is a signal the company sends to investors about its financial prospects. Companies that consistently distribute dividends are generally perceived as having stable financial conditions and good growth prospects. According to research by Al-Najjar and Kilincarslan (2022) in the *International Review of Economics & Finance* journal, companies with high levels of profitability tend to continue to distribute dividends even though they are in a growth phase, because they want to maintain investor confidence and a positive image in the capital market. Dividend payments are also a strategy to reduce information asymmetry between internal and external parties of the company. In this context, dividend policy is not only a financial decision, but also a strategic decision that reflects the company's credibility and long-term commitment to its shareholders.

2.3. Corporate Tax

Corporate tax is a tax burden imposed on profits earned by a legal entity during a specific period. Theoretically, corporate tax can reduce the net profit available to be distributed in the form of dividends, thus potentially affecting the company's dividend policy. However, the effect of taxes on dividends is not always significant, depending on the tax rate structure, managerial efficiency, and internal company policies. According to Dwivedi et al. (2020), companies that can plan their taxes well tend to be less affected by the size of the tax rate in terms of dividend distribution. This is due to the existence of a tax efficiency strategy that companies can use to maximize distributed profits. In addition, in the Indonesian context, the corporate tax rate is flat (proportional), so it does not provide a strong disincentive to dividends.

2.4. Managerial Ownership

Managerial ownership refers to the portion of a company's shares owned by management or internal parties. This ownership can create a balance of interests between management and shareholders. According to the latest findings from Suryadi & Putra (2023), state high managerial ownership improves the quality of financial decision-making, including dividends. This is because management, as shareholders, will also be directly affected by profit-sharing decisions, so they are more careful and responsible. The study emphasizes that ownership structure moderates the influence of other variables, such as leverage, profitability, and growth, on dividend policy.

2.5. Company Growth

Company growth is an important indicator of the success of a long-term business strategy. The continuous increase in assets, revenues, and profits usually measures it. However, companies that experience high growth tend to require significant internal funds for investment and expansion, so they prefer to retain profits rather than distribute dividends. However, a study by Chen et al. (2020) in the *Journal of Corporate Finance* shows that companies with high growth accompanied by efficient performance can still distribute

dividends sustainably. In other words, growth is not always a barrier to dividend policy if the company has a solid financial strategy.

2.6. Conceptual Transition (Cohesiveness Between Subtopics)

From the description of the theory and the results of the empirical studies above, it can be concluded that dividend policy is influenced not only by a single factor but also by a combination of interrelated internal variables, such as corporate tax, managerial ownership, and company growth. Agency theory provides a basis for understanding the relationship between ownership structure and dividends, while signaling theory explains that dividends are used as a means of corporate communication to the market. In the context of manufacturing companies in the chemical industry sub-sector that tend to be capital-intensive and sensitive to external changes, the analysis of these three variables becomes very relevant. Therefore, this study is important to provide an empirical and academic picture of the relationship between these variables and dividend policy.

III. Research Method

3.1 Types and Approaches of Research

This quantitative research with an associative approach aims to test the relationship between two or more variables in a particular context. This approach was chosen because it is aligned with the primary objective of the research, namely, to determine how much influence the independent variables have on the dependent variable. More specifically, this study aims to measure the effect of corporate tax, managerial ownership, and company growth on dividend payment policy in manufacturing companies in Indonesia. Associative quantitative research is considered the most appropriate because it can identify and test causal relationships between variables empirically based on numerical data and through objective statistical testing. In addition, this approach provides a basis for data-based decision making, so that the results are descriptive, analytical, and inferential. Thus, the associative quantitative approach in this study is expected to be able to answer the problems and hypotheses submitted scientifically and measurably.

3.2 Location and Object of Research

The research was conducted on manufacturing companies in the chemical industry sub-sector listed on the Indonesia Stock Exchange (IDX) from 2016 to 2020. This sub-sector was selected purposively because it has dynamic and strategic characteristics in the national industrial structure. The selection of the chemical industry sub-sector is based on the fact that companies in this sector tend to experience significant fluctuations in operating profits and dividend distribution policies, caused by various factors such as raw material prices, market demand volatility, and dependence on chemical exports and imports. By selecting sub-sectors that have high fluctuations, it is expected that this study will be able to describe more clearly the correlation and influence between variables in the context of a competitive industry. In addition, companies in this sub-sector also have a relatively high level of compliance in financial reporting, thus facilitating the data collection process and increasing the reliability of the research results.

3.3 Operationalization of Research Variables

In order for this research to be measured objectively and systematically, each variable in the research is operationalized as follows:

1. Dividend Payment measured using the Dividend Payout Ratio (DPR), which is the ratio between the amount of cash dividends paid per share and net income per share (EPS). This ratio reflects how much profit is distributed to shareholders and is a key indicator in measuring a company's dividend policy.
2. Corporate Tax is measured by the Effective Tax Rate (ETR), the ratio between total income tax burden and profit before tax. ETR shows the company's effective tax burden on its income, which, in theory, can influence profit distribution decisions.
3. Managerial Ownership is calculated based on the proportion of shares owned by the company's management, with the formula: the number of shares owned by management divided by the total number of shares outstanding. This concept is important in the context of agency theory because the greater the management ownership, the greater the possibility that they will act in line with the interests of shareholders.
4. Company Growth is measured by the percentage change in total assets from year to year, using the formula: $(\text{Total Assets Year } t - \text{Total Assets Year } t-1) / \text{Total Assets Year } t-1$. This indicator assesses the company's ability to develop in terms of assets and production capacity and reflects the company's business prospects.

3.4 Population and Sample

The population in this study includes all manufacturing companies in the chemical industry sub-sector listed on the Indonesia Stock Exchange (IDX) during the period 2016–2020. The researcher used a purposive sampling technique, which is a sampling technique based on specific criteria that are adjusted to the research objectives. The sample selection criteria in this study are:

1. Companies must be consecutively listed on the IDX during the research period (2016–2020).
2. The company must publish complete annual financial reports during the period.
3. The company has complete and available data on dividends, corporate taxes, managerial ownership, and asset growth.

Based on these criteria, 16 companies were obtained as samples, with 80 observations (16 companies \times 5 years). The use of purposive sampling was chosen so that the data analyzed was relevant and fulfilled the completeness of information on the variables studied. This is important to maintain the quality of statistical analysis and minimize errors in conclusions.

3.5 Data collection technique

The data used in this study are secondary, namely those already available and published by other parties. The primary source of data is the annual financial report issued by the company and published through the official website of the Indonesia Stock Exchange (www.idx.co.id), as well as through the official websites of each company. Data collection techniques are carried out through documentation methods, namely, data collection in the form of figures and financial information recorded in official company documents. In addition, a literature study was also conducted to strengthen the theoretical and methodological basis, as well as internet searching to complete additional information from credible sources. To ensure the validity of the data, only financial statements that independent auditors have audited are used in this study. The data validation process matches information from various official sources, such as the company's annual report, the IDX annual report, and the issuer's performance summary. The data is then processed using the Microsoft Excel program before being further analyzed using statistical software.

3.6 Data Analysis Techniques

The analysis was conducted using a quantitative approach using Microsoft Excel and EViews 9. The analysis stages include:

1. Descriptive Statistical Analysis to see the data characteristics.
2. Model Fit Test(Chow Test, Hausman Test).
3. Classical Assumption Test(normality, multicollinearity, heteroscedasticity, autocorrelation).
4. Multiple Linear Regression Analysis of Panel Data, using the Fixed Effect or Random Effect model.
5. R^2 test, F test, and t test to see the significance of the relationship between variables. The selection of EViews is adjusted because of its superiority in handling panel regression, which simultaneously includes time and entity dimensions (Harjanto & Lestari, 2023).

3.7 Research Ethics

In conducting this research, the researcher has observed the applicable principles of research ethics, especially regarding the use of data and the protection of research subjects. This research uses secondary data sourced from the company's financial reports that have been published openly, both through the official website of the Indonesia Stock Exchange (IDX) and the official website of each company. Therefore, this research does not involve human subjects directly, so it does not pose psychological, social, or physical risks to specific individuals. It does not violate the principle of privacy or confidentiality of personal information. In addition, all data used in this study were obtained legally and legitimately, without manipulation, engineering, or other unethical actions. The entire data collection and processing process was carried out solely for academic, scientific, and educational purposes, per high standards of scientific integrity and academic responsibility. Researchers also avoid plagiarism and include reference sources clearly and according to scientific principles. Thus, this research has met the scientific research code of ethics, as regulated in the research ethics guidelines by higher education institutions and national research institutions. Researchers are aware of the importance of maintaining transparency, accuracy, and academic responsibility in every stage of research implementation.

3.8 Data Validity and Method Limitations

To ensure the validity of the data, this study uses secondary data sourced from the company's official financial statements, which an independent auditor has audited. Audited data assures that the information analyzed has been verified and can be trusted as a basis for concluding. Furthermore, researchers also conducted cross-checks on data downloaded from official sources such as websites, www.idx.co.id, and the official portal of each issuer. This validation process is done manually and assisted by the Microsoft Excel program to minimize the possibility of data entry errors, duplication, or data discrepancies between periods. The validity of quantitative data is also strengthened through applying relevant statistical tests such as the classical assumption test, F test, and t test. However, like other empirical studies, this study has several limitations that need to be considered, including:

1. Sample limitations. This study only covers manufacturing companies in the chemical industry sub-sector and listed on the IDX from 2016 to 2020. Thus, the results of this study cannot be generalized widely to all industrial sectors, especially those not listed on the capital market.
2. Period limitations The observation period used in this study only covers five years, so it may not adequately capture long-term patterns, cyclical trends, or broader structural dynamics in dividend policy.

3. Not including external variables. This study has not considered external factors affecting dividend policy, such as macroeconomic conditions (inflation, interest rates, economic growth), government policies, political stability, or market sentiment. These factors often indirectly influence managerial decisions in profit distribution.
4. Purely quantitative approach. This research method is purely quantitative, so it does not capture qualitative or contextual dimensions, such as internal company policies, strategic objectives, or subjective management preferences that affect dividend distribution.

Nevertheless, the findings in this study still provide important contributions, especially in enriching the literature on internal company factors that influence dividend policy. The results of this study are expected to be the initial basis for further, broader research, either by adding periods, expanding the industrial sectors analyzed, or integrating qualitative approaches and macroeconomic variables. Future research can also explore the role of mediating and moderating variables, such as net income, operational cash flow, or good corporate governance, to gain a deeper and more comprehensive understanding.

IV. Results and Discussion

4.1. F-Test Results

Based on the results of the F test in panel data regression, the F-count value is 5.136 with a significance value of 0.003. Because the significance value is smaller than the specified significance level ($\alpha = 0.05$), it can be concluded that the regression model is simultaneously significant, meaning that the three independent variables—corporate tax, managerial ownership, and company growth—together have a significant influence on the dependent variable, namely dividend payments. These results indicate that overall, the three independent variables tested can explain the behavior or policies of companies in distributing dividends to shareholders. In other words, the regression model used in this study is feasible and valid in explaining the variations in dividend policies in manufacturing companies in the chemical industry sub-sector. This confirms that, although some variables are partially insignificant when considered individually, all three provide meaningful contributions to the model when considered simultaneously.

4.2. t-Test Results

The t-test is conducted to determine the influence of each independent variable on the dependent variable, partially by looking at the significance value (p-value) of each regression coefficient.

1. Corporate Tax (ETR) has a significant value of 0.210, which means it is greater than 0.05, so it is concluded that this variable does not significantly affect dividend payments. This means that fluctuations in the corporate tax burden borne by the company do not directly affect the dividend distribution policy to shareholders. These results indicate that companies continue to distribute dividends regardless of the tax pressures they face. This could be due to the urge to maintain a good corporate image in the eyes of investors or because of a stable dividend policy from year to year.
2. Managerial Ownership shows a significant value of 0.019, which means it is smaller than 0.05, so it can be concluded that this variable has a positive and significant effect on dividend payments. This means that the greater the proportion of shares owned by management, the greater the possibility of the company distributing dividends. This finding is in line with agency theory, where the ownership of shares by management can align the interests of managers and shareholders, thus encouraging managers to make beneficial decisions for both parties.
3. Company Growth obtained a significant value of 0.001, also smaller than 0.05, which means a positive and significant effect on dividend payments. This finding is interesting because, in theory, growing

companies tend to retain profits to finance expansion. However, in the context of this study, companies with high asset growth still distribute dividends, which can be interpreted as strong financial capabilities and sufficient cash flow, so that growth does not hinder dividend policy.

Overall, the t-test results indicate that internal company factors, such as management share ownership and financial growth capacity, play a greater role in influencing dividend policy than external pressures, such as corporate taxes.

4.3. Adjusted R-squared value

The Adjusted R-squared value of 0.174 indicates that 17.4% of the variation or change in dividend payment policy in manufacturing companies in the chemical industry sub-sector can be explained by three independent variables in this model, namely corporate tax, managerial ownership, and company growth. This means that the three variables contribute to explaining dividend distribution behavior, although in a relatively small portion. Meanwhile, the remaining 82.6% is explained by other factors not included in the research model, such as capital structure, profitability, liquidity, cash flow, leverage, company size, profit stability, and external conditions such as inflation, interest rates, and government policies. Although the Adjusted R-squared value obtained is not too high, it is still considered reasonable in social and financial research, because corporate decisions, including dividend policies, are often influenced by various variables that are complex, multidimensional, and cannot be fully measured quantitatively. Previous empirical studies in finance have also shown Adjusted R-squared values in the low to moderate range, mainly when the model only includes a few main variables. Therefore, the results of this study remain statistically valid and theoretically relevant because they can show a significant relationship between some independent variables and the dependent variable. On the other hand, this value is also an indicator that the research model still has room for development for further studies, for example by adding mediating variables such as net income, return on assets (ROA), free cash flow, or corporate governance (GCG), so that the model can provide a more comprehensive picture of the factors that influence dividend distribution policy in Indonesia.

4.4. Practical Contribution of Research Findings

The findings of this study provide important contributions, both academically and practically. Practically, these results provide strategic implications for corporate managers and shareholders.

1. High managerial ownership has been shown to encourage dividend distribution, so that for institutional shareholders and public investors, encouraging management to own shares in the company can be a strategy to ensure incentives towards decisions that favor shareholders.
2. The company's high growth has also proven not to hinder dividend payments, which means that the company can set its financial strategy to continue to grow without sacrificing the interests of shareholders. This shows the maturity of financial management and efficiency in resource management.
3. The result that corporate tax has no significant effect on dividend policy indicates that tax incentives or burdens in Indonesia are currently not a determining factor in dividend distribution decisions, at least among public companies. This can be input for the government and tax authorities to consider the effectiveness of corporate tax policies in influencing corporate financial behavior.

Overall, this finding illustrates that dividend policy is not only about profit but also concerns ownership, growth strategy, and corporate governance, which need to be considered comprehensively by stakeholders.

4.5. Comparison with Previous Research

The results of this study indicate that managerial ownership has a positive and significant effect on dividend payment policy. This finding confirms agency theory, which states that management share ownership can be an internal control mechanism to reduce conflicts of interest between managers and shareholders. When management owns shares in a company, they tend to make decisions that support increasing shareholder welfare, including dividend distribution. This finding aligns with recent research by Siregar and Maulina (2021), which states that the greater the proportion of managerial ownership, the greater the tendency of companies to distribute dividends regularly as a form of positive signal to investors. In addition, Hasanah et al. (2022) found that managerial ownership is important in strengthening corporate governance, encouraging more accountable financial policies, including dividend policies. Likewise, company growth was also found to have a positive and significant effect on dividend policy. This indicates that companies with high growth prospects can still distribute profits as dividends if their financial management is efficient and has mature cash flow planning. This study is consistent with the study by Putri & Firmansyah (2023), which stated that companies that experience asset growth tend to maintain or increase dividend distribution as a form of commitment to shareholders. In addition, Zahra & Lestari (2021) also emphasized that company growth does not always mean full retained earnings; companies with a solid financial structure can maintain a balance between reinvestment and profit distribution.

However, the results of this study differ from several previous studies on the effect of corporate tax on dividends. In this study, corporate tax did not significantly affect dividend policy. This means that even though the company bears the tax burden, it is not a determining factor in management's decision to distribute dividends. This difference can be explained through the context of the tax system in Indonesia, which uses a flat tax rate for companies, so that it does not create progressive pressure on the profits to be distributed, unlike countries that implement a progressive tax system, where the tax burden increases along with increasing profits, the system in Indonesia tends to be more stable and predictable. This is supported by the findings of Pratiwi & Handoko (2021), which states that a stable tax structure does not significantly hinder dividend policy, because companies can anticipate the tax burden in their financial planning. Furthermore, Yusuf et al. (2022) showed that in developing markets such as Indonesia, internal company factors such as ownership, capital structure, and operational cash flow have a more dominant influence on dividend policy than external factors such as taxes. Thus, the results of this study provide empirical support for agency theory and signaling theory, and enrich the literature on dividend policy determinants in developing countries with a fixed tax system. This finding also encourages the need for a more efficient internal management strategy, because internal factors are proven to play a greater role in dividend distribution decision-making than external fiscal pressures.

4.6. Relation of Results to Theory

In theory, the results of this study strengthen the view in agency theory, which states that the existence of share ownership by management can align the interests of managers and shareholders. When management also has a share of ownership, they tend to be more careful in making decisions, including in terms of dividend distribution, because they are directly affected by the results of the policy. Managerial ownership is an effective internal control tool in suppressing agency conflicts and ensuring managers pursue personal interests and pay attention to shareholder value. This finding aligns with a contemporary study by Siregar and Maulina (2021), which shows that a high management ownership structure significantly increases the probability of a company distributing dividends. This shows that managers who own shares in a company are more motivated to distribute profits as dividends as a form of responsibility and a signal of loyalty to shareholders. In addition, the results of this study are also in line with signaling theory, especially in the context of corporate growth variables. Within this theoretical framework, dividend payments by growing companies are seen as a positive signal to investors and the market that the company has stable financial performance,

healthy cash flow, and promising growth prospects. According to Zahra and Lestari (2021), companies that continue to distribute dividends amidst growth show management confidence in the sustainability of future profits and aim to reduce investor uncertainty about the company's financial condition. Dividend payments in the context of a growing company can also be understood as an effort to build a long-term reputation and trust in the eyes of investors. This is important in a competitive capital market climate, where the decision to distribute dividends can be a signaling device for the company's intrinsic value.

However, not all results support the existing theory. The result is that corporate tax variables do not significantly affect dividend policy, which contradicts classical finance theory, which states that corporate taxes can reduce corporate incentives to distribute profits. In this theory, high tax burdens are considered to reduce the amount of cash available to be distributed as dividends. Therefore, companies retain profits or seek more tax-efficient financing alternatives, such as stock buybacks or profit reinvestment. However, in the Indonesian context, this finding can be explained by the applicable taxation system. Pratiwi and Handoko (2021) explain that the taxation system in Indonesia generally uses a flat rate (proportional), not progressive. This causes the tax paid by companies to be relatively proportional to profits, so it does not cause significant additional pressure on dividend distribution policies. Thus, taxes are not dominant in profit distribution decisions, especially in public companies with high reputation pressure to maintain investor trust.

Furthermore, public companies tend to maintain a stable dividend policy as a long-term strategy in building image and credibility in the market. Yusuf et al. (2022) stated that many public companies in Indonesia use dividend policy to maintain investor confidence, despite their fiscal pressures. Thus, the sustainability of dividend payments is often prioritized over direct responses to changes in the tax burden. In conclusion, theoretically, the results of this study provide strong support for agency theory and signaling theory, with empirical evidence that managerial ownership and corporate growth drive dividend policy. On the other hand, the results that do not support the classical theory of taxes and dividends indicate that a country's fiscal policy context can have different effects. Therefore, these results underline the importance of considering contextual factors such as national tax systems, capital market pressures, and corporate financial policies in analyzing dividend policy. These findings also open up space for further research, for example, by including mediating variables such as net income, tax efficiency, or corporate cash stability, to better understand the relationship between taxes and dividend policy.

V. Conclusion

This study aims to analyze the effect of corporate tax, managerial ownership, and company growth on dividend payments in manufacturing companies in the chemical industry sub-sector listed on the Indonesia Stock Exchange from 2016 to 2020. Based on the results of the data analysis, it can be concluded that:

1. Corporate tax does not have a significant effect on dividend payments. This shows that the amount of tax burden borne by the company does not directly affect the decision to distribute dividends, possibly due to the characteristics of the flat tax system in Indonesia.
2. Managerial ownership has a positive and significant effect on dividend payments. This finding supports agency theory, where the greater the ownership of shares by management, the smaller the potential for conflict of interest between managers and shareholders, thus encouraging a more accountable dividend policy.
3. Company growth also positively and significantly affects dividend payments. According to signaling theory, growing companies still have the capacity and commitment to distribute dividends as a form of trust signal to investors.
4. The three independent variables simultaneously significantly affect dividend payments. However, the statistical contribution of the variables (R^2) is still moderate, so it is recommended to consider other variables in further research.

This finding implies that companies must consider the managerial ownership structure and company growth when formulating dividend policies. For investors, both variables can be important indicators in making investment decisions, while the influence of corporate tax does not seem to be a dominant factor in Indonesia. This study has limitations in the scope of data that only covers one industrial sub-sector, and limitations in the number of samples and observation periods. Therefore, it is recommended that further researchers expand the scope of sectors and research periods and consider external variables such as inflation, government policies, and macroeconomic conditions that can also affect dividend policy. In addition, a qualitative approach through direct interviews with management can also provide a more comprehensive perspective on the factors that affect dividend distribution.

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