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The Importance of Dividends to Millennial Investors in Indonesian Capital Markets

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Article Info	Abstract
	Purpose – This investigation focuses on investors' interest in cash dividends. In investing selections, dividends are often disregarded, but research on this subject tends to focus on the fundamental variables. **Methodology** – A questionnaire was submitted to investors on the IDX in October 2021, and 248 data were obtained. The impact of various investor characters, social media and ownership of rumor stocks on the cash dividend were also proposed using logistic regression and multinomial logistic regression. **Findings** – Except for Genes, none of the other characters indicates an association with/not considering dividends. Only social media variables significantly affect the chances of investors considering dividends. Furthermore, investor experience, risk character and rumor-share ownership variables provide an opportunity to consider dividends below 50%. The results showed that (a) investors who do not follow social media would use cash to buy dividend shares instead of cash withdrawn; (b) Millennials buy other stocks instead of dividend-share; (c) Investors who own rumor stocks will withdraw and purchase others instead of dividend-share. This is because dividends are not considered as an investment strategy. **Originality** – This study gives (a) a risk-based explanation for investor decisions; (b) behavioral finance research on dividend investing.

1. Introduction

The two potential benefits of stock investment are capital gains and dividends. The distribution of dividends is a source of cash for investors. However, it is irregular, ranging from 1-3 times per year, and is carried out by only 30% of issuers. There are issuers with State-Owned Enterprises (SOE) on the Indonesian Stock Exchange and should distribute dividends as a source of income for the state revenue budget. Therefore, retail investors also get rewards while trade transactions are continuously applied. From the date of announcement until the date of ex-dividend, it appears that dividends can be considered for transactions at multiple trading hours. Investors aspire to receive dividends from a company with solid performance. This can be paid

out with a ratio of 100% even when the company is losing money (DeAngelo et al., 1992) and distributed before the earnings announcement (Aharony & Swary, 1980). The investor's response will be positive when the process is conducted with a high payout. In fundamental approach research, the distribution is determined by various fundamental factors of the issuer. Additionally, the research focuses on dividend distribution's effect on firm value. Classically, this is shown by a bird in the hand, tax preferences and irrelevance theories. Additionally, dividend and capital gain expectations indicate investors' short-term and long-term interests. In behavioral finance, it is also referred to as capital gains, especially in a specific form, namely the disposition effect (Frydman & Wang, 2020); and over-confidence (Ida & Okui, 2019). The description shows that (a) dividends are only distributed by a small number of issuers, in particular by SOEs; (b) investors expect fixed dividends; (c) the theory's concern is on the impact; and (d) the tendency to pay more attention to capital gains, including in behavioral finance studies. Therefore, it is fascinating to determine when Indonesian shareholders pay attention to dividends while making investment decisions. This research contains various factors from investors regarding dividend distribution.

Investor behavior is part of behavioral finance, which refers to capital gains. Several studies have discussed the theme of the disposition effect, overconfidence, and rank effect. Meanwhile, the Disposition Effect is the focus of this current study (Asnawi et al., 2022). Asnawi et al. explained this concept with risk character, risk management imposition, social media phenomena, and stock rumors (ARTO, BRIS, ANTM) variables. Hartzmark & Solomon (2019) referred to this disposition effect by including dividends. In this case, the potential to sell the shares at a profit covers income, capital gains/losses and dividend yields simultaneously. In this case, there are three models, namely unambiguous loss, gain only with dividends, and unambiguous gain. In this case, an unambiguous loss is used as a category variable. The disposition effect is more pronounced with no evidence of unambiguous gain. Furthermore, the use of cash dividends for consumption was stated by Backer (2007). This raises a question for Hartzmark and Solomon (2019) concerning the reinvestment of this cash dividend in different or similar stocks.

This current research analyses Backer's (2007) statement and Hartzmark and Solomon's questions (2019). The submission of new variables concerning investor considerations is a new proposal. The argument for the effect of the risk character is more aimed at assessing returns without considering dividends (Bodie, Kane, Marcus, about the illustration of risk character). In contrast, dividends can be a source of fixed income compared to securities. Meanwhile risk management is defined as the use of stop loss and gain targets (Richard, 2015; Fischbacher et al., 2017; Richard, 2015; Fischbacher et al., 2017).

The existence of rumor stocks is a new phenomenon and is always associated with price fluctuations, especially with the Disposition Effect. Chen et al. (2014) and Heimer (2016) stated that social media would replace the role of financial experts and the disposition effect. Meanwhile, Glaser & Risius (2016) showed that social trading platforms had higher transparency. Herman et al. (2017), and Pelster and Hofmann (2018) stated the occurrence of 'behalf of others. According to (2017) Breitmayer et al. (2019), social networks provide additional useful information. The four variables are the character of risk, risk management, social media and the phenomenon of stock rumors. They are rarely studied in the context of return and dividend distribution.

The four new variables considered are (a) the risk character of investors, (b) the imposition of risk management, (c) the impact of social media, and (d) the comparison of investors with or without rumors shares. This research will update views on dividends, shifting from a fundamental to a behavioral approach.

Hartzmark & Solomon (2019) demonstrated that bearish investing decisions heavily disregard dividends in favor of price movements. In Disposition Effect behavior, investors only

consider price changes. Dividends are considered a stable income stream-treated separately. Holding stocks with high yields are less sensitive to price changes. Furthermore, investors also rarely reinvest money in stocks that distribute dividends. 2022/6/26 showed differences in tastes between groups (clienteles) towards the distribution. Groups of investors are similar to issuers who pay dividends to get cash. (Blagoeva et al., 2020) stated that in the case of acquisitions, investors interpret negatively when the acquiring company has a good reputation in distributing dividends. In contrast, the acquired company is expected to have a reputation for growth. Golubov et al. (2020) in the case of a merger, the acquirer will adjust the dividend payout ratio, especially if the target (merger) is obtained through stock swaps.

Investors appear concerned that cash available for dividends may decrease following this acquisition. Brauer et al. (2020) stated that dividends are consumed on the day they are received, with around 20% spent on non-recurring purchases within one week. The money is not used to repurchase the shares, as also stated by Hartzmark & Solomon (2019). In investors' view, dividends are expressed as an expected bonus, salary/pension and windfall gain of 49%, 12% and 14%, respectively. This case emphasizes cash dividends as a source for additional consumption instead of investment. Chen et al. (2019) stated that the liquidity function provided causes the process of buying and selling shares around announcements. Therefore, the demand and supply increase due to the liquidity function. For sellers, the presence of a component will cause the share price to rise, thereby obtaining a capital gain. Meanwhile, investors who buy will get cash dividends separately from capital gains. Kuo et al. (2016) stated that issuers are influenced by internal corporate governance, while those with larger, lower or higher board ownership will likely distribute more cash dividends. Adhikari and Agrawal (2018) explained that dividend payments can be caused by peer pressure, where if a company in the same industry distributes dividends it will affect other companies, especially if the product market competition is high. Cui et al (2017) shows that stock dividends are used as sweeteners before a private placement occurs, while David & Ginglinger (2016) states that if the company reduces cash dividend payments, the stock dividend becomes a complement so as not to cause a negative market reaction.

Becker et al. (2009) stated that older investors prefer stocks with dividends. Furthermore, there is the potential for demographics to influence issuers to pay dividends. Meanwhile, corporate headquarters with many senior citizens tend to pay cash and have higher yields. Baker et al. (2007) stated that investors tend to consume out of dividends. According to Harris et al. (2015), some mutual funds intentionally buy shares before dividends to increase their revenues. Harris refers to it as "juicing" and the behavior was equated to that of naive investors. Khan et al. (2018) found that investors prefer a stable rate of dividends as 'compatible' with inflation; select some as a proportion of EPS, believe the changes depend on future earnings, and investors prefer stock dividends when the firm is not paying cash. Snarska et al. (2020) explains that dividend payments are a signal for future profits. Li et al., (2017) showed that the tax shareholders pay influences on dividend policy. According to Ainsworth & Lee (2021), investors increase their purchase transactions before the ex-dividend date and make sales after the date. Therefore, they understand the distribution and optimize cash dividends. Kelly (2013) pointed out trust from investors as an essential part of stock valuation. Individuals and regions with 'less trust' will appreciate shares and stocks with dividends. Contrary to Kelly (2013), Farooq et al. (2020) stated that firms headquartered in states with a high level of religiosity will pay higher dividends. Qin et al (2022) show a negative relationship between trust, corporate governance and dividends. This shows that dividends can be used as a 'control' for the company. Vo (2022) shows a negative relationship between liquidity and dividends. This means that dividends can be used as compensation for less liquid companies. On the other hand, Cotter et al. (2019) stated that companies that experienced a

crisis or were exposed to default risk, would persistently cut or not pay dividends; while Hamid and Xie (2018) show that there will be a Comove between stocks that pay dividends.

The investment decision depends on the investor's risk character. Bodie et al. (2011) stated that risk averters are people who reject the fair game. Therefore, the consequences of not paying dividends are riskier, and for risk averters, the payment is preferable to capital gain. This implies that risk-takers have the potential not to consider cash dividends in their investment decisions, and they lack strict management conducted by making a stop-loss trading plan. Richards et al. (2017) showed that using stop loss through 2 automatic trading strategies can manage potential losses. At the ex-dividend date, prices tend to fall sharply and some investors accept the consequences of capital loss and enjoy dividends. The others are to sell before the ex-dividend date and obtain capital gains. Furthermore, the percentage of the capital loss is lower than dividends. Based on Becker et al. (2009) and Haris et al. (2015), old investors' mutual fund managers will receive the consequences, while those who apply risk management will generally prefer dividends instead of capital gains.

In this era of the information revolution, social media has become an inseparable part of an investment. Hermann et al. (2017) referred to acting on behalf of others; Breitmayer et al., (2019) claimed that social networks provide useful supplementary knowledge; while De Souza et al. (2018) concluded that only bad news influences the trading activities of uninformed investors. Many stock groups provide actual and 'estimated, provocative or expected' information on the dividend, and the distribution in this case is good news. Therefore, investors who follow social media will obtain more information on the dividend. Supposedly, they can consider the amount for investment decisions. Kinanti & Asnawi (2022) showed the role of Investor Relations in bridging the 'communication gap' between companies and investors, thereby maintaining confidence and reducing information asymmetry. The study found that Investor Relations have not entirely conducted the function of internal communication, which can be attributed to the lack of support from management. On the Indonesian Stock Exchange, there was a jump in stock prices caused by 'rumors' including ANTM, BRIS, and ARTO. For instance, ARTO's share price remarkably increased by 8500%, which is equivalent to IDR15950. These rumor stocks do not distribute adequate dividends, allowing investors to obtain a windfall profit from capital gains. Therefore, the investors ignore the potential for dividends but hope for capital gains, and this phenomenon can be a concern for future research. Kim et al. (2021) shows a negative relationship between information asymmetry and dividend policy.

Theoretically, dividends can be related to a bird in the hand, tax preference, signaling, clientele effect, residual, and agency costs theories, as well as asymmetric information. In a bird in the hand theory, investors respond positively to the distribution instead of tax preference as tested by Lie et al. on the China stock market. Regarding China's tax law change, Investors reduce trading activities on the cum-dividend day for the more minor penalty reason. As a signal, dividends can indicate the company's liquidity and can be distributed by profitable state-owned companies. The clientele effect shows that various investors have different preferences about dividends as in Becker, (2010); Harris, (2014). The residual theory states that the company's decision is the last consideration when the investment has been decided. In this case, the managers are expected to do their best, as reported by Kelly (2015). By distributing dividends, the amount of free cash flow is reduced, and Kuo's (2016) research on this theme can be referenced. Asymmetry refers to the imbalance of information between managers and uninformed investors, which can reduce by distributing dividends regularly. Khan et al. (2018) can be an example regarding investors' preferences, while Hartzmark & Solomon (2019) developed a new phenomenon of dividends as part of behavioral finance. In this case, it is shown by considering

dividends as part of the return on the Disposition and Rank Effect tests. This research focuses on the role that investor behavior plays in dividend decision-making. As with the influence on investment decisions (return), the study of dividends can provide new information.

From the description, investors often ignore dividends in investment decisions. The considerations will be different for different groups (clienteles), depending on the investor's risk's character and the management application. Dividend distribution is also referred to as the attitude of 'trust'. Investors will respond to the company's acquisition plan, which is associated with the issuer's habit of paying dividends. Furthermore, cash dividends can be considered additional income, and used for consumption, instead of re-buying dividend shares. Investors are also heavily influenced by social media and the phenomenon of 'rumor shares', which is one of the investment bases, ignoring the potential for dividends. This research focuses on investor character, social media, and ownership rumors-share from the description.

The research novelty is (a) dividend as behavior finance, compared with Harzmark and Solomon (2019) 's opinion as part of the return for the disposition effect phenomenon; and Baker's (2007) for dividend utilization; (b) the use of a new variable for partial returns; (c) the phenomenon of share rumors was introduced with a price spike of up to 8500%.

2.   **Research Methods**

Questionnaires were distributed to IDX investors in October 2021 with 248 respondents and 118 owned rumors shares. Two crucial questions are: (a) the consideration of dividend distribution as a determinant of stock selection and (b) how to use cash dividends. Characteristics of investors are known through gender, education, genes, experience, and investment funds. They can be a proxy for the clientele effect, and the investor's risk character is obtained through simulation questions (Bodie et al., 2011). Furthermore, risk management was identified by applying stop loss-target gain in investment. The influence of social media can be seen through participation in social media stock or paid training/groups. Meanwhile, investors were asked about the ownership of the shares designated for the 2020 term.

Table 1. Variable, Operational, Effect, and Description

No	Variable	Operational	Effect	Description
1	Dividend (Y1)	0= not considered 1= considered		Logistic regression
2	Dividend (Y2)	1= purchase dividend share 2= withdrawn 3= purchase other shares		Multinomial Logistic Regression
3	Gene	1= <25 years old 2= 25-40 years old 3=>40 years	+	The older generation will prefer dividends
4	Risk Character	1=risk-lover 2=risk-neutral 3=risk-averter	+	Investors with a risk-averter character will prefer dividends.
5	Risk Management	0=No Risk-Mgt 2=Risk Mgt	+	The existence of risk management will consider dividends.
6	Portfolio	1 = < IDR 10 Million 2 = <IDR 50 M 3 = < IDR 100M 4 = IDR 100-500 M 5 = IDR 500-1000M 6 = > IDR 1000M	+	Significant funds consider dividends as part of the income

No	Variable	Operational	Effect	Description
7	Experience	1 = beginner 2 = medium 3 = expert 4 =Professional	+	Professionals consider dividends as part of income.
8	Social Media	0= Not joining social media groups and paid training 1= Join social media groups or paid training 2= Join social media groups and paid training	+	The existence of social media causes information to be more open so that dividends are considered an investment decision.
9	Rumor Stocks	0=own 1= has not own	+	Investors don't have rumors about stocks; they pay attention to dividends

Source: processed data, 2022

This research is intended to determine: (a) the consideration of dividends in investment decisions; and (b) the cash dividend used. This is influenced by the investor's risk character and other factors. Gene indicates investors, where Gene Z, millennials and the old category are under 25 years old, between 25-40 years old, and above >40 years. The investor's risk character is measured through simulation questions adapted from Bodie et al. (2011). Risk management was applied with a stop loss and a target gain. The portfolio shows the number of funds invested, and investors can start opening an account with an investment of IDR5 million or IDR500 thousand for students. The current exchange rate is around IDR14,375/$ on February 22, 2022. Investor Experience is not dependent on the number of stock market transactions. Therefore, they can be young but professionals in the capital market. Social media polled investors about (a) joining online organizations or (b) taking paid training. Many offers to become members of stock groups and training advertisements regarding 'taking a profit' on stock transactions, while others do not show interest. Rumor shares are common in Indonesia, hence the question regarding the owners is frequently asked. All variables are expected to affect dividends positively, as explained in Table 1 In the Dividend variable (Y2), buying shares is used as a reference category.

The first part of test A is carried out using the Logistic Regression method, where one = consideration of dividends in investing, and 0 otherwise. Primarily, the aim is to obtain the differences in the individual characteristics of dividends. The hypothesis is that the older generation, the more enormous investment funds, and the more-transaction experience will like dividends. In the second test, a risk character variable was added, and an averter Investor will consider dividends in their investment decisions. Furthermore, risk management was added in the third test to reduce the potential loss. The fourth test is social media variables, which provide complete information for the consideration of dividends. Lastly, investors who own rumor and non-rumor shares were also compared using the Logistic Regression (Hosmer Jr et al., 2013). The model can be written as follows:

$$\ln\left(\frac{p}{1-p}\right) = \beta_{10} + \beta_{11}Generation + \beta_{12}Experience + \beta_{13}Portfolio \qquad (1.a)$$

$$\ln\left(\frac{p}{1-p}\right) = \beta_{20} + \beta_{21}Generation + \beta_{22}Experience + \beta_{23}Portfolio \\ + \beta_{24}Risk\_Character \qquad (1.b)$$

$$\ln\left(\frac{p}{1-p}\right) = \beta_{30} + \beta_{31}Generation + \beta_{32}Experience + \beta_{33}Portfolio \\ + \beta_{34}Risk\_Character + \beta_{35}Risk\_Management \qquad (1.c)$$

$$\ln\left(\frac{p}{1-p}\right) = \beta_{40} + \beta_{41}Generation + \beta_{42}Experience + \beta_{43}Portfolio \qquad (1.d)$$
$$+ \beta_{44}Risk\_Character + \beta_{45}Risk\_Management$$
$$+ \beta_{46}Social\_Media$$

$$\ln\left(\frac{p}{1-p}\right) = \beta_{50} + \beta_{51}Generation + \beta_{52}Experience + \beta_{53}Portfolio \qquad (1.e)$$
$$+ \beta_{54}Risk\_Character + \beta_{55}Risk\_Management$$
$$+ \beta_{56}Social\_Media + \beta_{57}Rumors$$

The test of part B is intended to determine the use of dividends according to investors' perceptions. The alternative uses of the cash obtained are withdrawal, buying other shares, and repurchasing dividend shares. Testing can be conducted with multinomial logistic regression. The alternative comparison is between repurchasing dividend-share vs withdrawing and repurchasing vs buying. For investors, stock investing can provide a new source of income when the cash is used for withdrawals. Investing in the stock is considered when additional shares are purchased. After the investors buy dividend shares, the stock becomes an attraction. The multinomial logistic regression model can be written as follows:

$$\ln\left(\frac{P\langle y = i | x\rangle}{P\langle y = 0 | x\rangle}\right) = \beta_{i0} + \beta_{i1}Generation + \beta_{i2}Experience + \beta_{i3}Portfolio \quad (2)$$
$$+ \beta_{i4}Risk\_Character + \beta_{i5}Risk\_Management$$
$$+ \beta_{i6}Social\_Media + \beta_{i7}Rumors \qquad ; i = 1, 2$$

Explanation:
$Y = 0$ = purchase dividend share (as reference category)
$Y = 1$ = withdrawn
$Y = 2$ = purchase other share

3.   Results and Discussions

Table 2 provides descriptive results regarding the association between investor character and dividend view. The character of the gene shows that there is an association with cash dividends. In general, the proportion expects a dividend of 67% or around 2 out of 3 investors.

Table 2. The Association of Investors' Character with Dividend Considerations

Variables	Considering Dividends (%)		# Respondent	χ^2
	No	Yes		
Gene 1	32.4	67.6	37	4.71***
2	39.3	60.7	112	
3	32.3	67.7	99	
Experience 1	32.6	67.4	135	0.35
2	32.2	67.8	87	
3	31.6	68.4	19	
4	42.9	57.1	7	
Risk Character 1	28.6	71.4	21	0.202
2	32.8	67.2	181	
3	34	66	47	
Risk Management 1	32.8	67.2	137	0.333
2	30.6	69.4	72	
3	35.9	64.1	39	
Social media 1	43.1	56.9	65	4.479
2	40.5	59.5	124	
3	27.1	72.9	59	
Rumor 0	30.5	69.5	118	0.474
1	42.5	57.5	130	

Source: processed data, 2022

There is no indication of an association in other characters (experience, risk character investor, Risk Management behavior, Social Media, and owning/not owning rumor-shares). The expected dividends of an investor are 67% based on all character, but the company distributes about 30% (Asnawi, 2012). This shows an unbalanced proportion when associated with investors. It can be a concern for issuers to distribute dividends at least twice in 3 years to sign and fulfil investors' expectations. Predictably, stocks with dividend distributions can be an attraction for investors. Investing in a company that consistently pays out dividends in the 2/3rds of the year is a good bet for investors. It can cause the capital market to become more liquid.

A Chi-Square (χ^2) test was conducted to determine the association between the explanatory variable and the consideration of dividends as an investment strategy. Variables are described in table 1 and signs *, **, ***, indicate significance at =1%, 5%, and 10%. Only the gene variable is associated with dividend considerations as an investment strategy.

Table 3 shows investors' ability to consider dividends while making decisions. The results were generally insignificant except for the social media variable since the remaining cannot differentiate dividends. Three variables provide an opportunity below 50%: investor experience, investor risk character and rumor-share ownership. Based on previous experience, dividends are less likely to be considered in the group as seen in table 1. The more experienced investors, the less they consider dividends, while those with risk-averter characteristics tend not to consider dividends. The explanation that can be given is that more experienced investors tend to trade stocks by understanding the potential gains rather than yields. As for the rumors shares, investors speculate on ownership (buy-hold) to obtain a substantial potential capital gain sourced from rumors. Transactions at the IPO and stock rumors refer more to windfall gains. Investors with risk averter characteristics will invest in risky assets and provide a risk premium. In this case, the stock market provides a capital gain-risk premium, and the averter-investor can select shares according to the criteria.

The influence of social media causes investors to consider dividends in investment decisions. It provides information and issues regarding the prediction of price changes. However, it gives essential information, including stocks that distribute dividends. Dividend information might be considered a bonus, even if it is not the primary focus of social media. The issuer can follow up on the existence of this evidence to provide a 'bonus' of positive information. Kinanti and Asnawi (2022) showed that the role of Investor Relations (IR) is not yet optimal. In this case, IR should provide a more comprehensive explanation, including dividends. The role of social media can be balanced with IR to provide more accurate, specific information based on issuer data.

The various characteristics of these investors are not enough evidence to show that dividends have been used as a factor for consideration. In other words, investors are more focused on price changes. In clientele theory, it has not been proven that parties prefer dividends. The company can apply a dividend policy as a residual claim because capital market investors are ignorant. Investors focus on capital gains to regulate various trading policies, including tick, haircut, transaction time, and auto rejection. Investors do not focus on dividends, causing daily transactions to increase. Although Harris (2015) refers to professionals who want dividends as "juicing," their behavior is comparable to that of naïve investors.

Negative effects can result from ignoring dividends as an investment concern. First, when price changes are pronounced and investors sustain a substantial capital loss, the dividends received can be considered as compensation for losses. Second, a stable cash dividend will help investors to better financial planning. Third, the cash raised has a broader investment perspective, which should be considered a good thing.

Table 3.a. Logistic Regression Results Regarding Dividends as Investment Considerations

Variables	Logistic Regression Coefficient				
	1	2	3	4	5
Gene	.226	.229	.230	.269	.276
Experience	-.207	-.206	-.208	-.193	-.199
Portfolio	.115	.111	.111	.099	.099
Risk Character	x	-.095	-.095	-.078	-.078
Risk Management	x	x	.009	.075	.082
Social Media	x	x	x	.393***	.374***
Rumor	x	x	x	x	-.119

Source: processed data, 2022

Logistic regression is based on equation (1.a) to (1.e). Y is a dummy where 1 = considers dividends as part of an investment decision, 0 otherwise, and other variables are shown in table 1. The experience, risk character and rumor stock variables have a negative coefficient, indicating an opportunity below 50% to consider dividends. The social media variable considers dividends significantly. Signs *, **, ***, indicate significance at =1%, 5%, and 10%.

Table 3.b. Probability Investors Consider Dividends as a Determining Factor for Stock Selection

Variables	Opportunity Characteristics of Investors to Consider Dividends				
	1	2	3	4	5
Genes	55.6%	55.7%	55.7%	56.7%	56.9%
Experience	44.8%	44.9%	44.8%	45.2%	45.0%
Portfolio	52.9%	52.8%	52.8%	52.5%	52.5%
Risk Character	x	47.6%			
			47.6%	48.1%	48.1%
Risk Management	x	x	50.2%	51.9%	52.1%
Social Media	x	x	x	59.7%***	59.3%***
Rumor	x	x	x	x	47.0%

Source: processed data, 2022

Logistic regression is based on equation (1.a) to (1.e). Y is a dummy where 1 = considers dividends as part of an investment decision, 0 otherwise and other variables are shown in table 1. The probability (ϕ) is obtained through exp(B)/(1+exp(B)). The experience, risk character and rumor stock variables have an opportunity below 50% to consider dividends. Expert and professional risk-averter investors do not own rumor stocks to ignore dividends in their investment strategy. Signs *, **, ***, indicate significance at =1%, 5%, and 10%.

An interesting question relates to the use of money from dividends. This was evaluated using multinomial logistic regression, with the reference category being dividend share purchase. Therefore, there are two logistic regressions of withdrawal vs buy dividend share and buy other vs buy dividend-share. The multinomial logistic regression for equation (2) was also tested as presented in Table 4. There is a category/variable [Social Media=00] with a significant positive coefficient at an alpha of 5% when the choice is to buy dividend shares vs withdraw. Therefore, it can be stated that the group of investors who do not follow social media [00] will tend to buy dividend shares. Fundamentally, a good performance company is the hope of investors to get dividends. Investors aspire to receive dividends from a company with solid performance. In this case, the role of Investor Relations needs to be strengthened and considered an 'alternative social media.

Table 4. Multinomial Logistics Regression Results with Reference Category- Buy Dividend Share

Category	Variables	Coefficient	sign	exp(B)	Probability
withdrawn	Intercept	-1.389	0.347		
	[Gene=1.00]	0.161	0.79	1.175	54.0%
	[Gene=2.00]	0.015	0.974	1.015	50.4%
	[Gene=3.00]	0^b	.	.	
	[Experience=1.00]	0.105	0.943	1.111	52.6%
	[Experience=2.00]	-0.307	0.834	0.736	42.4%
	[Experience=3.00]	-0.699	0.651	0.497	33.2%
	[Experience=4.00]	0^b	.	.	
	[Portfolio=1.00]	0.184	0.845	1.202	54.6%
	[Portfolio =2.00]	-0.795	0.417	0.451	31.1%
	[Portfolio =3.00]	0.07	0.942	1.073	51.8%
	[Portfolio =4.00]	-0.534	0.587	0.586	36.9%
	[Portfolio =5.00]	-17.312	.	3.03E-08	0.0%
	[Portfolio =6.00]	0^b	.	.	
	[Risk Character =1.00]	-1.327	0.244	0.265	20.9%
	[Risk Character =2.00]	-0.64	0.148	0.527	34.5%
	[Risk Character =3.00]	0^b	.	.	
	[Risk Management =.00]	0.322	0.553	1.38	58.0%
	[Risk Management =1.00]	-0.74	0.252	0.477	32.3%
	[Risk Management =2.00]	0^b	.	.	
	[Social Media=.00]	<u>1.532</u>	0.013**	4.627	82.2%
	[Social Media =1.00]	0.608	0.289	1.836	64.7%
	[Social Media =2.00]	0^b	.	.	
	[rumor =.00]	-0.041	0.92	0.96	49.0%
	[rumor =1.00]	0^b	.	.	
purchase other shares	Intercept	1.004	0.368		
	[Gene=1.00]	-0.728	0.191	0.483	32.6%
	[Gene=2.00]	<u>-1.186</u>	0.002*	0.305	23.4%
	[Gene=3.00]	0^b	.	.	
	[Experience=1.00]	-1.079	0.3	0.34	25.4%
	[Experience=2.00]	<u>-1.794</u>	0.077***	0.166	14.2%
	[Experience=3.00]	-1.777	0.112	0.169	14.5%
	[Experience=4.00]	0^b	.	.	
	[Portfolio=1.00]	-0.266	0.741	0.767	43.4%
	[Portfolio =2.00]	-0.068	0.93	0.935	48.3%
	[Portfolio =3.00]	0.357	0.64	1.43	58.8%
	[Portfolio =4.00]	0.198	0.789	1.219	54.9%
	[Portfolio =5.00]	0.486	0.73	1.625	61.9%
	[Portfolio =6.00]	0^b	.	.	
	[Risk Character =1.00]	0.665	0.324	1.945	66.0%
	[Risk Character =2.00]	0.254	0.592	1.289	56.3%
	[Risk Character =3.00]	0^b	.	.	
	[Risk Management =.00]	-0.413	0.401	0.662	39.8%
	[Risk Management =1.00]	-0.202	0.696	0.817	45.0%
	[Risk Management =2.00]	0^b	.	.	
	[Social Media=.00]	0.206	0.684	1.229	55.1%
	[Social Media =1.00]	-0.087	0.844	0.917	47.8%
	[Social Media =2.00]	0^b	.	.	
	[rumor =.00]	-0.326	0.352	0.721	41.9%
	[rumor =1.00]	0^b	.	.	

* = significant at α=1%; ** = significant at α=5%; *** = significant at α=10%

Source: processed data, 2022

There is a significant negative coefficient of =1 percent when deciding between purchasing a share in the gene category [2.00]. It means that cash dividends tend to buy shares widely in the millennial generation (25-40 years). This is due to this generation's broader understanding of the

capital market. The stock market's liquidity is improved, significantly when cash dividends are invested in less liquid stocks. For example, a one-point phrase (1) can be utilized by various parties to boost capital market liquidity, and when a cash dividend is received, the money can be used to purchase additional shares, allowing ownership to grow. This is known as *'Birth Stock'* and the category [experience = 2.00] also has a negative coefficient, significant at α=10%. Therefore, the money is used to buy other shares. It is easy to understand when the millennial generation claims to have medium experience. This result is fascinating, contrary to Baker (2007), which states that dividends are used for consumption. Brauer et al. (2020) stated that dividends are consumed within a week; and were described by Chen (2019) as an additional source of income for consumption. It is interesting to study further compared to (Ainsworth & Lee, 2021), where investors are trying to obtain cash dividends. According to Harris et al. (2015), investment managers acquire dividend equities to increase their revenue. This research can be used as a reference to redistribute additional income to the investor.

Concerning ownership of rumor shares, a non-significant negative coefficient was discovered for investors. The result shows the cash potential for withdrawals and buying other shares instead of dividend-share. Referring to Hartzmark and Solomon (2019), dividends are a "disconnection" from the investment plans of investors. Given that one of these stocks (ARTO) has a PER of -60.56(RTI data 21-01-2022), investors in rumor-stocks are more concerned with capital gains than dividends. ARTO (Bank Jago) was purchased by Gojek (First-Largest Indonesian Transportation Online) and is rumored to be a Digital Bank. This situation can be analogized to Hartzmark & Solomon (2019) for the unambiguous gain situation. There is a 'windfall gain' from rumor stocks, encouraging investors to buy other stocks with an increased price.

The multinomial logistic regression was tested, with buy dividend share as the reference category. Therefore, there are two logistic regressions of withdrawal vs buy dividend share and other shares vs dividend-share. Only the social media variable (00) is significant at 5% alpha for the first logistic regression. In the second regression, the variables Gene (2.00) and experience (2.00) were significant at alpha 1% and 10%. In the first and second regression, many variables have a chance (dividend) below 50%. This means that investors are more concerned with using cash to: (i) withdraw or buy other shares. Signs *, **, ***, indicate significance at =1%, 5%, and 10%.

4.   Conclusions

Two-thirds of investors still want dividends, but only Gene's character is associated with the considerations. Social media variables influence investors' investment decisions to consider dividends. Groups of investors who do not follow social media will use cash dividends to buy shares. Millennials (25-40 years old) take advantage of cash dividends to buy other stocks. These results show dividends as a 'residue' for investors' stock investment strategies.

These results provide several policy implications. First, stakeholders encourage issuers to distribute dividends at least twice in 3 years. Second, for issuers to reduce information asymmetry, it is vital to strengthen the role of Investor Relations to balance the role of social media. Third, encouraging the one-point slogan (1) to take advantage of cash dividends to buy themselves and others' shares. Fourth, stakeholders should be wary of rumor stocks, whose shares are unrelated to dividends, hence investors do not become trapped in capital loss. The campaign for the Indonesian Capital Market that dividends as passive income might be "juicing" as a replacement for rumor-stock.

Classical dividend theory is always based on financial statements or other fundamental analyses. Research regarding investor behavior can be a new perspective to understanding dividends. Does consumer behavior affect the bird-in-hand and other theories? What impact or connection may individual investors have on the market's price? Investor returns and dividend yields are research gaps when they are relevant to the question.

The results show that millennials tend to use their money to buy dividends. Even while people are pushed to consume them, institutional investors and fund managers do not. As discussed, financial professionals are not motivated because the money should be divided among investors. Further research can pay attention to the behavior of these various professions towards dividends.

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