

ANALYSIS OF FUNDAMENTAL FACTORS THAT AFFECT ON DIVIDEND POLICY IN IDX MANUFACTURING COMPANY

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ABSTRACT

This study aims to provide empirical evidence on the influence of Indonesia on the fundamental factors of the dividend policy established by a public company in Indonesia. Fundamental factors used in this study is a business risk, investment, insider ownership, profitability, and growth of the company, which in this study is the independent variable. While dependennya variable is the dividend policy on a proxi with dividend payout ratio.

Population which is the object of this research are manufacturing companies that go public in Indonesia. Determination of the sample conducted in manufacturing companies listed on the Indonesia Stock Exchange in the period 2003-2006. Sample selection technique of purposive sampling is divided into two samples. The first sample consists of manufacturing companies that make the continued payment of dividends and insider ownership has over the study period of 2003-2006, while the second sample are companies in the first sample plus the company has paid dividends and insider ownership has to be done but not continuously at period 2003-2006.

The results using regression analysis on the first sample indicates that the risk factors and profitability do not have a significant effect on dividend payout ratio, the investment factor and insider ownership significantly negative effect on dividend payout ratio and growth factors positively influence significantly the dividend payout ratio. Meanwhile, in the second sample result that the risk factors and insider ownership does not have a significant effect on dividend payout ratio, factors negatively affect significant investment of dividend payout ratio, and growth factors and corporate profitability have a positive significant impact on the dividend payout ratio.

Keywords: *dividend payout ratio, business risk, investment, insider ownership, profitability, corporate growth*