

ABSTRACT
**DIVIDEND POLICY AND ELECTIONS: STUDY OF SOUTH EAST
ASIAN MARKETS**

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The aim of this research is to evaluate the relationship between the dividend pay-out ratio of firms in Singapore and Indonesia, as well as the effect of political uncertainty resulting from the Presidential elections on the dividend policy of the firms. The paper uses a sample of 78 firms from each country and data ranges from 1999 to 2019. Seven factors of dividend policy are studied using a multiple regression model: Return On Equity, Return On Assets, Financial Leverage, Asset Growth, Effective Tax Rate, Earnings Per Share & Free Cash Flow. Further results are honed using measures of central tendency and correlation analysis.

The results are however, different for both countries. In Singapore, the dummy variable analysis reveals a strong relationship between dividend policy and Presidential elections such that firms in Singapore tend to pay higher dividends during elections. ROE, EPS and Financial Leverage are significant whereas, Effective Tax Rate, Total Assets, Return On Assets & Free Cash Flow are insignificant determinants of Dividend Pay out. In Indonesia, election uncertainty has no relationship with dividend policy of the sample firms. ROA and Free Cash Flow are significant while, ROE, EPS, Financial Leverage, Effective Tax Rate and Total Assets are insignificant determinants of Dividend Pay out in Indonesia.



To find out the impact of political uncertainty on dividend policy, similar studies with additional determinants of Dividend Pay-out ratio should be performed in other Asian countries.

Keyword : Political un-rest, Dividend Policy, Presidential Elections, Dividend Pay-out, Information asymmetry.