INFLUENCE OF INTERNAL AND EXTERNAL FACTORS TOGETHER WITH FINANCIAL STRUCTURE AND DIVIDEND PAYOUT RATIO UPON VALUES OF MANUFACTURE FIRMS IN THE JAKARTA STOCK EXCHANGE

By Sumani

ABSTRACT

This research uses exploratory and explanatory types and conditioned in the position of recursive causal relation. Since the unit sample of annual financial report is completed periodically (time series) beginning from the year of 1990 up to the year of 2000 and or companies are manufactures (census), sample taking technique performed is a combinations between census and time series.

Based on factor tests, it is discovered that internal factor is a reduction result of variables of cash flow to total liabilities, assets structure, company size, liquidity, profitability, financial leverage, operating leverage, coverage ratio, non-debt tax shields, earnings per share, agency cost, financial risk, debt capability, operational efficiency, and tax benefit, and those factors generate: "debt potential business size, non-debt tax shields, agency cost, debt expense, and operating leverage". External factor obtained which is a reduction of variables currency exchange, credit interest, deposit interest, inflation, economic growth and capital market condition, and those factors generate: "market potential, condition of financial market and inflation fluctuation. The aims of these factor analysis are to disappear multicolinearity and to form a new variable (latent variable).

Further, economic crisis doesn't simultaneously create differences of influential significance degree of internal and external factor findings, dividend payout ratio (DPR) and financial structure upon values of the manufacture firms. In fact, those variable crisis moments greatly explain financial structure, DPR and values of the manufacture firms . Financial structure has dominant and significant influence upon values of the manufacture firms during the analysis period, both before crisis and in time of crisis.

Using analysis method, it is discovered that the usage of aggregate data, both before crisis and in time of crisis proves that debt potential variable (factor findings), financial structure and DPR have more significant direct influence upon values of the manufacture firms.

Research result shows that dividend policy tends to support Gordon and Lintner's theory and refuse Modigliani and Miller's theory (MM). Further more, when it is viewed from expense policy, financial structure has dominant and significant influence upon values of the manufacture firms, both before crisis and in time of crisis, and this indicates that there is a support on "traditional approach theory" and on pecking order theory, that is a theory which explains that the suggested financial resource used is the one which doesn't create investors negative perception, that is in the usage line of (1) retained earning, (2) debt, (3) stock issues.

Key words : debt potential, business size, non-debt tax shields, agency cost, debt expense, and operating leverage, market potential, condition of financial market and inflation fluctuation, DPR, financial structure and values of the firms.