

ABSTRACT

The Effect of Ownership Structure, Board of Directors Composition and Board of Commissioners Composition toward Dividend Policy and Corporate Value in Manufacturing Industry Registered at Jakarta Stock Exchange

This dissertation investigates the direct and indirect effects of ownership structure, board of directors composition, board of commissioners composition toward dividend policy and corporate value in manufacturing industry listed at Jakarta Stock Exchange (JSX). The study is based on previous researches, as an extension, integration and deepening of works undertaken by Xu and Wang (1997), Dewenter dan Warther (1998), Lawrence and Stapledon (1999) Graham and Lefanowicz (1999), Bhagat and Black (1999), La Porta et al., (2000), Faccio et al., (2001). Lemmon dan Lins (2001), Tabalujan (2002), Dutta et al., (2002) La Porta et al., (2002), Cotter and Silvester (2003), Wei et al., (2003), Shahid (2003), Hutchinson (2003), Hiller and McColgan (2004)

The study uses 24 companies out of total manufacturing industry listed in JSX in the period of 2001 - 2004. All of 24 companies listed in JSX were continuously paid dividend to share holders. Historical information such as annual report on companies financial data is used in this study. Structural Equation Modeling (SEM) with Amos version 4.01 is applied to analyze the data.

The study shows that the effect of : (1) ownership structure toward board of directors composition is negative and insignificant, (2) ownership structure toward board of commissioners composition is positive but insignificant, ((3) ownership structure toward dividend policy is negative but significant, (4) ownership structure toward corporate value is positive and significant, (5) board of directors composition toward dividend policy is positive and significant, (6) board of commissioners composition toward dividend policy is positive and significant, (7) board of directors composition toward dividend policy is positive and significant, (8) board of commissioners composition toward corporate value is positive and significant, and (9) the effect of dividend policy toward corporate value is negative but significant.

Key words : ownership structure, board of directors composition, board of commissioners composition, dividend policy, corporate value.