

ABSTRACT

The Effect of Ownership Structure, Capital Structure, Market Risk, Investment Opportunity Set on Dividend Policy of Public Corporation at Jakarta Stock Exchange

The objective of this research is to prove and analyze empirically that the effect of ownership structure, capital structure, market risk, and investment opportunity on dividend policy of public corporation at Jakarta Stock Exchange partially and simultaneously.

The sample of this research are companies that has been listed in Jakarta Stock Exchange with payment of cash dividend routine within 2000 until 2005. Data for the research are the financial statement of the companies that consisted in 2000 until 2005. The research employed data pooling for analysis, which combine of the time series data and cross section data on the 29 companies as the sample. The Ownership structure (X_1), capital structure (X_2), market risk (X_3), investment opportunity (X_4) are set as independent variables, and dependent variable is dividend policy (Y). The analysis technique of this research is multiple linear regression.

The result of this research, showed that both variables of the ownership structure, and market risk have no significantly negative affect on dividend policy. Variable of capital structure has significantly negative affect on dividend policy with value of coefficient correlation equal to -26,888. Variable of investment opportunity was statistically significant and positive affect on dividend policy with coefficient correlation equal to 3,293. Variables of ownership structure, capital structure, market risk, and investment opportunity set have significant affect on dividend policy simultaneously. (F table 2,435 < F change 3,3133). The determinant coefficient (R^2) is 0,1428 (14,28 %) The data of research has not contradictory with classic assumption, such as multicollinearity, autocorrelation, heteroskedasticity.

Key words : dividend policy, ownership structure, capital structure, market risk, investment opportunity set, public corporations.