

ABSTRACT

This research aims to examine the effect of corporate governance on dividend payout ratio. The ownership structure is divided to controlling ownership, family ownership, government and foreign controlled firms, with board independence as independence variables, while dividend payout ratio as dependent variable. Profitability factor proxied by return on equity are also added as control variable.

This research used secondary data with population consists of 144 manufacturing companies listed in Indonesia Stock Exchange in the period of 2011-2015. The purposive sampling method used was used in selecting the research sample and 31 manufacturing companies that consistently distributed dividends during the research period. Multiple regression technique are chosen for this research statistic analysis.

The result of this research shows that controlling ownership has a positive significant effect on the dividend payout ratio, but family firms has a negative significant effect on the dividend payout ratio. Meanwhile, government and foreign controlled firms, with board independence have no significant effect on the dividend payout ratio.

Keywords: dividend payout ratio, corporate governance, ownership structure, controlling ownership, family ownership, government-controlled firm, foreign-controlled firms, board independence, and return on equity