

ABSTRACT

The purpose of this research is to analyze the effects of Institutional Ownership, Free Cash Flow, and Investment Opportunity Set toward Debt Policy, and Firm Value. Independent Variables in this research are Institutional Ownership, Free Cash Flow, and Investment Opportunity Set. Intervening Variabel is Debt Policy and dependent variable is Firm Value.

The sample determinity method is Purpose Sampling method. Samples in this research are non financial company in Bursa Efek Indonesia (BEI) period of 2008-2011 which amounts to 103 company. The analysis technique is Structural Equation Model.

Based on Structural Equation Model testing, all of the research models was filled the goodness of fit criteria. The analysis result showed that institutional ownership, free cash flow, and investment opportunity set have significant effect to debt policy. Institutional ownership have significant effect to firm value. Investment Opportunity set have significant effect to firm value and debt policy have significant effect to firm value.

Keywords: Institutional Ownership, Free Cash Flow, and Investment Opportunity Set, Debt Policy, and Firm Value. Independent .