

ABSTRACT

The purpose of this research was to examine the effect of direct and indirect Institutional Ownerships, Profitability, Liquidity on Dividend Policy with Capital Structure as an Intervening Variable and the effect of Tax on Dividend Policy. This research was taken as there are differences in the results of previous researches between researches with each other and there is a difference between the real data with existing theories.

This research uses secondary data. Sampling technique used is purposive sampling. From four hundred and twenty-eight companies according ICMD which were taken twelve companies. Because, it has the complete financial statements from the year 2008 up to 2010. The method of analysis used is the path analysis.

Using multiple regression analysis, it is known that Institutional Ownerships and Profitability give significant negative effect to the Dividend Policy. Capital Structure significant positive effect on Dividend Policy. Profitability has positive significant impact on Capital Structure. Liquidity gives significant negative impact to Capital Structure. According Path Analysis, Capital Structure isn't the Intervening Variable. Besides, it was found that the value of the adjusted R square for the equation Dividend Policy is 21.4% while the value of the adjusted R square for the equation Capital Structure is 72.1%.

Keywords: Dividend Policy, Capital Structure, Path Analysis and ICMD