

## **ABSTRACT**

*This study aims to examine the differentiation of financing policy and dividend policy between growth firms and ungrowth firms in Indonesian Stock Exchange that classified by the investment opportunity set value. Studies for manufacturing companies as listed in the Indonesian Stock Exchange for the period of 2006-2009. There are six proxy, used as firm growth indicators, such as : ratio book value of groups property, plant, and equipment to the book value of the assets (PPE/BVA), ratio price to earning (PER), ratio market to book value of equity (MKTBKEQ), ratio market to book value of asset (MKTBKASS), capital expenditures to market value of asset (CAPMVA), and capital expenditures to book value of asset (CAPBVA). These proxies are analyzed by common factor analysis. Forty percent of the highest in the category growth IOS, forty percent with the lowest category is not growing, and twenty percent by the middle IOS eliminated.*

*The data in this study was collected from Indonesian Capital Market Directory (ICMD). Sampling technique using purposive sampling. The collected sample was 39 firms. The data is analyzed by using factor analysis method, test for normality, and different test.*

*The results showed that the financing policy has a significant difference in the company to growth and ungrowth where the Debt to Equity Ratio (DER) firms growth larger, while Debt to Market Equity (MDE) is growing smaller companies. In terms of dividend policy has a significant difference in the company to growth and ungrowth where the Dividend Payout Ratio (DPR) is not different but Dividend Yields (DY) smaller firms growth more than the company does ungrowth.*

*Keywords: investment opportunity set, common factor analysis, financing policy, dividend policy.*