ABSTRACT

This study investigates the extent to which two theories of dividend policy, namely signalling theory and dividend relevance theory influence coorporate dividend policy of Indonesia firms listed on Indonesian Stock Exchange (Bursa Efek Indonesia) in 2008-2010. Several variables are employed as proxies for these theories then tested simultaneously, they are cash ratio, collateral assets, debt to equity ratio, growths, firm's size and one dependent variabel, dividend payout ratio (DPR).

Total 318 firms are listed in Bursa Efek Indonesia 2008-2010 as the population for this research. Purposive sampling method with requirements as follow: (1) non financial companies that publish anual reports in 2008-2010 and accomplish complete financial data for this research. (2) Companies that share their dividend in 2008-2010. There are 87 firms passed the sampling process and are examined by multiple regression analysis technique. Using t-statistic and F-statistic in order to capture the joint impact of the different dimensions affecting corporate dividend policy.

The result of this study shows collateral assets gives significantly positive effects on DPR. Other variables cash ratio, DER, growth and firm's size are not significantly effecting DPR. Since collateral assets shows highest value beta standardized coefficient we advice the investors in Indonesian Stock Exchange whose purposively seek return in dividend payout to aware for this variable at the firms' performances

Key words : DPR, collateral assets, DER, growths, cash ratio, firm's size.