

## **ABSTRACT**

*The different concerns between stockholder and the manager can be occur when they decide devidend policy. Manager sometimes have different goal which contradict with the main goal of the company, it is stockholder wealth maximization This study is performed to examine the effect of insider ownership, institutional ownership, profitability, debt and firm size toward dividend policy (dividend payout ratio) in agency problem perspective.*

*This study uses secondary data, of the manufacture companies which listed in Indonesian Stock Exchange over period 2005-2010. There are 64 manufacture companies which is used as a research sample, and the sampling technique used is purposive sampling with criteria : (1) the company listed in Indonesian Stock Exchange in observation period. (2) the company has completely annual report. (3) the company that share their dividend in observation period. (4) the company has insider ownership and institutional report. The data is obtained base on Indonesian Capital Market Directory (ICMD). The analyze technique used is OLS regression (Ordinary Least Square) with significance level of 5%.*

*The result of the study shows that insider ownership and institutional ownership have positif significant effect on the dividend policy (dividend payout ratio). In this study also shows that debt has negative significant effect on the dividend policy (dividend payout ratio), when profitability and firm size haven't significant effect on the dividend policy (dividend payout ratio).*

*Keyword : insider ownership, institutional ownership, profitability, debt , firm size, dividend policy, agency problem.*