

SUMMARY

BAYU AKSAMALIKA. The Effect of Company Ownership Structures toward Dividend Policy on Listed Firms in Indonesia Stock Exchange. Supervised by LUKYTAWATI ANGGRAENI and SAHARA.

Discussion about the company, it is closely related to the ownership structures. The ownership structures in Indonesia have different characteristics from other countries. Data of the Indonesian Central Securities Depository (KSEI) 2013 – 2015 show that foreign ownership is greater than the local ownership structure and it is concentrated. According to data from KSEI, each year less than 40% of the companies listed on the Stock Exchange distribute dividends but only 20% of the total listed companies distribute dividends consistently. The purpose of this study is to analyze the influence of corporate ownership structure on dividend policy in the Indonesia Stock Exchange.

The ownership structures of the company are measured by the local institutional ownership structure (INSL), foreign institutional ownership structure (INSA), the ownership structure of individual (INVD), dummy of managerial ownership (D_MNJR), and dummy of family ownership (D_FAM). While the dividend policy variable measured by dividend payout ratio (DPR). Moderating variables that used in this study are characteristics of companies that include return on assets (ROA), return on equity (ROE), free cash flow (FCF), leverage (LEV), firm age (AGE), the market-to-book ratio (MTB), and firm size (SIZE). The data was processed using panel data regression methods.

This study shows that the local institutional ownership structure has positive and significant effect on dividend payout ratio. However, foreign institutional ownership structure, individual ownership structure, dummy of managerial ownership and family ownership have no significant effect. The variable characteristics of the company: ROA, FCF, MTB, and SIZE have a significant and positive influence on the dividend payout ratio. While ROE and LEV, and AGE have significant and negative effect.

The study recommends the company's management to improve corporate performance, particularly free cash flow for the company to increase its dividend pay. Availability of cash in addition to improving the company's performance may also improve the distribution of dividends. For investors, things to consider in selecting companies that pay dividends consistently are total assets, market to book ratio, and free cash flow. For the government, increasing the local ownership structure must be done in the long term so that the economic fundamentals, especially the capital market more robust against external shocks.

Keywords: corporate ownership structure, corporate characteristics, dividend.