FACTORS THAT AFFECT THE DIVIDEND PAYOUT RATIO:
A STUDY OF COMPANIES LISTED IN
THE INDONESIAN CAPITAL MARKET DIRECTORY 2006
FOR THE PERIOD OF 2003-2005

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ABSTRACT

The objectives of this research is to study how profitability ratio (PR), liquidity ratio (LR) and capital structure (CS) as the independent variable have an effect to the dividend payout ratio (DPR).

The object of this study are a number of companies that already listed in the Jakarta Stock Exchange as the end of June 2006, which accomplished certain criteria such as they are outside of banking or financing sectors, already paid the dividend to the stockholders continually during research period that is 2003 to 2005, and have a complete set of information on their financial statement that needed by this research. The data gathered from the Indonesian Capital Market Directory Book 2006.

This research have three hypotheses to be proven, that relates to profitability ratio, liquidity ratio and capital structure on their effect to the dividend payout ratio across those company as the object.

Key words : Financial ratio, Liquidity ratio, Profitability ratio, Capital Structure, Dividend Payout Ratio.