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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 : Finantial ratio, Liquidity ratio, Profitability ratio, Capital Structure, Dividend Payout Ratio.

Preface

This thesis with a title : *Factors that affect the dividend payout ratio, a study of companies listed in the Indonesian Capital Market Directory 2006, for the period of 2003 to 2005,* was prepared and designed to fulfill the final requirement for a completion of undergraduate degree on Accounting major, School of Accounting, Bina Nusantara University.

This thesis will be the final project that the author planned and prepared during his undergraduate study period. The author is excited and joyful for the completion of the thesis, which he expects to provide value added knowledge to readers. Moreover, the author expects that one or more of his juniors at School of Accounting Bina Nusantara International will do more research on “Dividends” which will contribute to the development in this area of study.

The author would like to thank you the faculty members and the staffs of Bina Nusantara International University that have played a significant role for the completion of the author’s degree. The author believes that the supervision from the faculty members and the assistance of the staffs contribute directly and indirectly for the author’s study completion.

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The author realized that the thesis is not perfect, and that suggestions and advices for further improvements for future projects and papers are openly accepted. Finally, the author expects that the thesis will provide value added knowledge for the author himself and the readers.

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The author

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