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The purpose of the research is to test the institutional ownership, market risk, and investment opportunities to dividend policy. The research is based on the previous research by Fauzan (2002), which found that market risk have the negative and significant effect to dividend policy. The research use sample of 41 firms in Jakarta Stock Exchange to determine the relationship between dividend payout, institutional ownership, market risk, and investment oportunities.

The statistical method use this research is multiple regression. The dividend policy of a firm is defined as its dividend payout ratio of the year 2001-2004. The percentage of institutional ownership. BETA value of the year 2001-2004 is used a proxy for market risk. The past Four year sales growth (2001-2004) as a proxies for the investment opportunities.

The result of this research shows that variable beta and institutional ownership of a firm common stock, have the negative and significant effect to dividend policy, and variable investment opportunities is significant and have not the effect to dividend policy.

Keywords: institutional ownership, market risk, investment opportunities, dividend policy.

