

ABSTRACT

Companies abilities to earn return and cash availability to be paid out have impact on dividend policies. However, companies return may not be distributed to shareholders because companies return could be deferred for investment needs. Therefore, appropriate dividend policies should be performed to get positive responses so there is price adjustment of companies shares. Those become the main subject of this research, that is, accounting return; operational cash flows, companies size and companies growth rate are expected to effect dividend policies and companies share prices at the capital market. The main purpose of current research is to examine empirically the impact of accounting return, operational cash flows, companies size and companies growth rate on dividend policies and their implication on companies share prices.

Populations in this research are all companies listed at Jakarta Stock Exchange during observation period 1993 to 2003 and 172 companies are selected using non-probability purposive sampling technique. Archival data, secondary data, are used provided by Pusat Referensi Pasar Modal (PRPM - Indonesian Capital Market Reference Center) Indonesia, BAPEPAM, and Pusat Dokumentasi Bisnis Indonesia (Bisnis Indonesia' Documentation Center), and Indonesian Securities Market Database (ISMD) PPA UGM.

The results show that: 1) accounting return, companies size, and growth rate have impact on companies dividend policies, 2) accounting return, operational cash flow, companies size and companies growth rate and dividend policies have impact on share prices.

KEY WORDS: Accounting Return, Operational Cash Flows, Companies Size, Companies Growth Rate, Dividend Policies, and Share Price.