

DIVIDEN POLICY, INVESTMENT OPPORTUNITY SET, AND STOCK *RETURN*

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ABSTRACT

The goal of this research is to explain the effect of dividend policy and investment opportunity set to stock return. This research will be test the impact of dividend policy to stock return, the impact of investment opportunity set (IOS) as firm proxy to stock return, and the linkage of IOS, dividend policy, and stock return. Sample of research are all of companies listed on IDX and merged in manufacture industry with private ownership who shares cash dividend and not having total of negative equity for a period of 2004 until 2008. To test the research was using regression analysis and moderate regression analysis. The results significant and prove that dividend policy has an effect to stock return, but IOS hasn't prove influence stock return. IOS also doesn't evidence has linkage between dividend policy and stock return.

Keywords: Dividend policy, IOS, Stock return