ACKNOWLEDGEMENT

May all glory be to Jesus Christ, Lord Almighty for His blessings, guidance and love that made it possible for this thesis entitled "The Effect of Good Corporate Governance towards Dividend Policy" to be completed well and in accordance with His guidance. This thesis consists of the combination of knowledge, efforts, and experiences that were obtained through the three and half years of studies in Universitas Pelita Harapan, and it is intended to attain the Bachelor Degree in Economics at the Business School of Universitas Pelita Harapan, Lippo Village, Tangerang, Banten. The process of compiling this thesis will not be possible without the guidance, support, and prayers from the people around the writer. In this opportunity, writer would like to dedicate her gratitude and give the highest respect to those whose names will be written in the following:

1) Dra. Gracia Shinta S. Ugut, M.B.A, Ph.d., as the Dean of *Business School* Universitas Pelita Harapan.
2) Dra. Wijaya Triwacananingrum, SE., M.A., Ak., CA., CMA., CSP., as the Head of Study Program of Accounting Universitas Pelita Harapan.
3) Elfina Sambuaga, M.S.Ak., as the Vice of Study Program of Accounting Universitas Pelita Harapan.
4) Herlina Lusmeida, S.E., M.M., Ak., CA as the supervisor of this thesis for this time, advice, guidance, patience, critics and input, and also for sharing his remarkable knowledge to help completing this thesis in a well and timely manner.
5) Partogian Sormin, Ak., MM., CPMA., as a writer academic supervisor that always giving advice and motivation during college.
6) Mrs. Hanna, Mrs. Melinda, Mrs. Lina, Mr. Ferdinand Butarbutar, Mr. Antonius, Mr. Mulyadi, and all lecturers that names have not been mentioned, for their guidance and valuable knowledge during writer's undergraduate studies in Universitas Pelita Harapan.

7) Staff of Business School who helped the writer related to administrations during the writer's undergraduate studies in Universitas Pelita Harapan.
8) My parents and my sister who always giving and endless support and motivations and prayer, especially during the time the writer needed the most in completing this thesis.

Tangerang, 02 December 2020

Penulis

TABLE OF CONTENT

COVER PAGE i
STATEMENT OF ORIGINALITY OF FINAL PAPER ii
AGREEMENT OF MENTORING GUIDANCE FOR FINAL PAPER ... iii
EXAMINATION BOARD APPROVAL iv
ABSTRAK v
ABSTRACT vi
ACKNOWLEDGEMENT vii
TABLE OF CONTENT ix
TABLE OF FIGURES xii
LIST OF TABLES xiii
TABLE OF APPENDICES xiv

CHAPTER 1 INTRODUCTION
1.1. Background 1
1.2. Research Problem 7
1.3. Research Objective 8
1.4. Research Benefits 8
1.5. Problem Limitations 9
1.6. Systematic Discussion 10

CHAPTER II LITERATURE REVIEW, FRAMEWORK OF THOUGHT AND HYPOTHESIS
2.1. Grand Theory 12
2.1.1. Agency Theory 12
2.1.2. Signaling Theory 15
2.2. Basic Concept Definition 16
2.2.1. Dividend Policy Theory 16
2.2.1.1.Dividend 17
2.2.2. Good Corporate Governance 19

2.2.2.1. Board of Commissioner 23
2.2.2.2. Board of Director 24
2.2.2.3. Institutional Ownership 25
2.3. Literature Review 25
2.4. Conceptual Framework 38
2.5. Hypothesis Development 38
2.5.1. Effect of Board of Commissioner on Dividend Policy ... 38
2.5.2. Effect of Board of Director on Dividend Policy 39
2.5.3. Effect of Institutional Ownership on Dividend Policy ... 40

CHAPTER III RESEARCH METHODOLOGY

3.1. Population and Sample 42
3.2. Empirical Model 44
3.3. Operation Variable Definition 45
3.3.1. Dividend Policy 45
3.3.2. Board of Commissioner 45
3.3.3. Board of Director 46
3.3.4. Institutional Ownership 46
3.4. Method for Data Analysis 47
3.4.1. Descriptive Statistics 48
3.4.2. Test of Classical Assumption 48
3.4.2.1. Normality Test 49
3.4.2.2. Heteroscedasticity Test 49
3.4.2.3. Multicollinearity Test 50
3.4.2.4. Autocorrelation Test 50
3.4.3. Eligibility Model Test 51
3.4.3.1. Coefficient of Determination 51
3.4.3.2. F-Statistics 51
3.4.4. Hypothesis Testing 52
3.4.4.1. Multiple Regression 52
3.4.4.2. t-Statistics 53

CHAPTER IV RESULT AND DISCUSSION

4.1. Descriptive Statistics 55
4.2. Test of Classical Assumption 58
4.2.1. Normality Test 58
4.2.2. Heteroscedasticity Test 61
4.2.3. Multicollinearity Test 62
4.2.4. Autocorrelation Test 63
4.3. Eligibility Model Test 64
4.3.1. Coefficient of Determination 64
4.3.2. F-Statistics 64
4.4. Hypothesis Testing 65
4.4.1. Multiple regression 65
4.4.2. t-Statistics 67
4.5. Analysis of Regression 68
4.5.1. Board of Commissioners to Dividend Policy 68
4.5.2. Board of Directors to Dividend Policy 68
4.5.3. Institutional Ownership to Dividend Policy 69

CHAPTER V CONCLUSION AND RECOMMENDATION

5.1. Conclusions 71
5.2. Research Limitations 72
5.3. Recommendations 72
5.4. Research Implications 73

REFERENCES 74
APPENDIX A I
APPENDIX B IV
APPENDIX C VII
APPENDIX D X
APPENDIX E XIII

LIST OF FIGURES

Figure 2.1 Conceptual Framework 38
Figure 4.1 Histogram Graphic 60
Figure 4.2 Normal P-Plot Graphic 60

LIST OF TABLES

Table 2.1. List of Prior Research 28
Table 4.1 Descriptive Statistics Result 56
Table 4.2 Normality Test Result 59
Table 4.3 Heteroscedasticity Test Result 61
Table 4.4 Multicollinearity Test Result 62
Table 4.5 Autocorrelation Test Result 63
Table 4.6 Regression Linear Result 65

LIST OF APPENDICES

APPENDIX A..... I
APPENDIX B..... IV
APPENDIX C..... VII
APPENDIX D..... X
APPENDIX E..... XIII