

ABSTRACT

This study aims to examine the effect of dividends on earnings quality in manufacturing sector companies listed on the Indonesia Stock Exchange 2016-2020. In this study, the research model used is to use several dividend proxied as independent variables such as dividend payments, dividend size, dividend changes, dividend persistence and earnings quality as the dependent variables proxied by three models, namely absolute value of discretionary accruals (ADA), absolute value of accrual quality (AAQ) and accrual quality (AQ).

The population used in this study are manufacturing companies listed on the Indonesia Stock Exchange in the 2016-2020 period. The selected sample is 450 financial statements consisting of 81 manufacturing sector companies that are in accordance with the research criteria. In testing the hypothesis using regression analysis with SPSS 26 software.

The results show that dividend payments, increasing the amount of dividends distributed and dividend persistence have a significant and negative effect on earnings quality as proxied by ADA and AAQ and AQ. However, dividend size does not have a significant effect on earnings quality.

Keywords: dividend payment, dividend size, dividend increase, dividend persistence, earnings quality, manufactur