

ABSTRACT

Dividend is a return on investment which is part of the profit distributed to shareholders. The nominal of dividend payment can be volatile from year to year. Various investment risks and uncertainties encourage investors to consider the entity's financial information. Dividend payment is reflected in the dividend payout ratio. This research aimed to examine the effect of financial performance and firm size on the dividend policy.

The research data is secondary data with the sample used in this research are manufacturing companies listed on the Indonesia Stock Exchange with a range of 2015 – 2019. Hypothesis testing is done using multiple regression analysis with SPSS 23 software.

This research found that there is a significant positive effect of profitability and firm size on the dividend policy. The leverage, and growth have a significant negative effect on the dividend policy. Meanwhile, The liquidity has no influence on dividend policy.

Keywords: dividend policy, financial performance, profitability, liquidity, leverage, growth, and firm size.