

ABSTRACT

The purpose of this study is to determine the effect of dividend payment patterns on the earning quality of non-financial service companies. The samples consist of 27 non-financial service companies that listed on the Indonesian Stock Exchange (BEI) 2005-2014. The samples were selected based on the purposive sampling technique.

The independent variables used are dividend size, dividend increases, and dividend persistence. On the other side earning quality that proxied by Absolute Value of Performance Adjusted Descretionary Accrual, Annual Firm Spesific Absolute Value of Residual, and Accrual Quality categorized as dependent variables.

The results show that dividend size, dividend increases, and dividend persistence have positive association on earning quality that proxied by three variable described above. Overall result show that dividend payment patterns have positive influence on earning quality.

Keyword: dividend size, dividend increases, dividend persistence, and earning quality.