

## **ABSTRACT**

*This study aims to examine the influence of dividend payment on earnings quality. Measuring the quality of earnings in this study is proxied by the ADA (Absolute Value of performance-Adjusted Discretionary Accruals) which is based on research Kothari (2005). This study uses four control variables, they are firm size, external growth prospect, internal growth prospect, and debt structure.*

*The population in this study consist of all listed firms in Indonesia Stock Exchange in years 2011-2015. Sampling method in this study is purposive sampling. The criteria are manufacturing industry, firm's financial statements reported in rupiah currency, firms with positive total equity, firms has complete data for all variables measurement, and companies that pay cash dividends. The total sample in this study are 203 sample. Analysis technique that used in this study is multiple regression.*

*The empirical result of this study show that dividend payment have no effect on earnings quality as indicated by higher ADA. It means, companies that pay dividends have lower earnings quality.*

*Keywords: earnings quality, dividend payment, and ADA (Absolute Value of Performance-Adjusted Discretionary Accruals)*