

ABSTRACT

This study aims to examine the influence of dividend payment on earnings quality. Dividend payment divided into four features, they are dividend-paying status, the amount of dividend, the amount rise of dividend, and dividend persistence. This study uses eight control variables, they are firm size, external growth prospect, internal growth prospect, firm's performance, firm's maturity, debt structure, the level of competition in the industry, and volatility of operating cash flow.

The population in this study consist of all listed firms in Indonesia Stock Exchange in years 2008-2012. 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, and firms has complete data for all variables measurement. The total sample in this study are 81 firms. Analysis technique that used in this study is multiple regression.

The empirical result of this study show that dividend-paying status, the amount rise of dividend, and persistence dividend have positively and significant influenced on earning quality, although author do not find evidence that larger dividend is an indicator of higher earning quality.

Keywords: dividend-paying status, the amount of dividend, the amount rise of dividend, dividend persistence, earning quality