

ABSTRACT

This research aims to test the effect of ROE, firm size, free cash flow, investment opportunity set, and debt ratio of dividend payout ratio of Manufacturing Companies listed on IDX during the period of 2011-2014.

The sample employed in this research selected by purposive sampling method which contains of 22 companies fitting the criteria set during the period of 2011-2014. The data is obtained based on the published annual report and financial report. The method of analysis employed is regression with least squares equation and the hypothesis is tested by using t-statistic to reveal partial regression coefficient as well as F-statistic to test the simultaneous effect with confidence level at 5%. Other than that, classic assumption test is also carried out which consists of normality test, multicollinearity test, heteroskedasticity test, and autocorrelation test.

The result reveals partial result that free cash flow affect DPR positively and significantly. ROE, firm size, and investment opportunity set affect positively but non-significantly on DPR. Meanwhile, Debt Ratio affect negatively and non-significantly on DPR. Simultaneously, ROE, firm size, free cash flow, investment opportunity set, and debt ratio affect DPR significantly. The result of regression estimation reveals the prediction competence from the 5 independent variable on DPR is at 11.9% meanwhile the other 88.1% is affected by other factors which are not included in this research.

Keywords : ROE, firm size, free cash flow, investment opportunity set, debt ratio, dividend payout ratio