

ABSTRACT

This study aimed to examine the direct effect of size and debt to equity ratio with dividend in manufacturing companies. The study also attempts examines whether profitability mediate the relationship between size and debt to equity ratio with dividend.

The population in this study is a manufacturing company listed on the Indonesia Stock Exchange 2009-2011 period with the sampling technique used is purposive sampling. Data obtained from the publication of the Indonesian Capital Market Directory (ICMD) and the Indonesia Stock Exchange (IDX) 2009-2011. The data collected were processed using regression analysis to examine the effect of direct and indirect size and debt to equity ratio on dividend. The results showed that the debt-to-equity ratio has a negative effect on profitability, while the size has no effect on profitability. Other results show that profitability has a positive effect on dividends, while the size and debt to equity ratio has no effect on the dividend.

The results of this study indicate that there is no direct effect between size and debt to equity ratio on the dividend. Variable debt to equity ratio significantly influence profitability, while size does not affect profitability. In this way, size does not affect the dividend indirectly through an intervening variable profitability. While the debt-to-equity ratio is affect the dividend indirectly through an intervening variable profitability. So the higher the debt to equity ratio will decrease the profitability that would lead to lower dividends paid.

Keywords : size, debt to equity ratio, profitability and dividend