ABSTRACT

Capital market has important role in economic activities, that is, as one of economic development source. Investment in capital market will bring some benefits such as (1) capital gain, (2) dividend, and (3) a stake in shareholders annual meeting. Capital market conditions motivated researchers to investigating problems related with capital market, one of which is dividend. Dividend policy is still remains get attention from researchers because inconsistent research results. Therefore, it is worth to further examining companies reason whether to pay dividend or not and the factors underlying that reason. Because dividend is one of reason to invest in capital market then this research aimed to analyze factors that probably influencing dividend payment. In this study, factors or variables expected to influences dividend payment are debt, profitability, liquidity and growth. The selection of these four variables is based on prior researches.

The study setting is Indonesia Stock Exchange with observation periods three years covering 2006-2008. The sample selection is based on purposive sampling, namely (1) non financial companies, (2) companies publish their financial report in consecutive three years, from 2006 to 2008, and (3) annual financial report covers ratios that used as proxy variables. Based on these criteria, sample that fulfill this requirements are 18 companies. Analysis technique used in this study is multiple regressions, with SPSS package program. Multiple regression selection is based on research goal namely to analyze the effects of independent variables on dependent one. However, before multiple regressions conducted, classical assumptions test is conducted to examine correlation among independent variables.

The result of classical assumption test shows that data not normally distributed. Therefore, this study excluding that data (outlier). After outlier exclusion, normality test shows that data distributed normally. Another classical test also shows no correlation among independent variables, in other words, classical assumption is fulfilled. Data processing with multiple regression analysis shows that (1) debt is not significantly influencing dividend policy, (2) profitability significantly and positively influencing dividend policy, (3) liquidity significantly and positively influencing dividend policy and (4) growth is not significantly influencing dividend policy. Based on these results, investors can make profitability and liquidity as reference in predicting the value of dividend paid by companies.

Keywords: debt, profitability, liquidity, growth, dividend, multiple regression