

ABSTRACT

The Objective of this research is to analyse the influence of free cash flow, collateral assets, debt to equity ratio and profitability toward dividend policy in manufacture companies that is listed in BEI over period 2009-2011.

Sampling technique used here is purposive sampling. The data is obtained based on Indonesian Capital Market Directory and audited financial reports. It is gained sample amount of 188 observations. The analysis technique used here is multiple regression with the least square difference and hypothesis test using t-statistic to examine partial regression coefficient and f-statistic to examine the mean of mutual effect with level of significance 1 percent. In addition, classical assumption is also performed including normality test, multicollinearity test, heteroscedasticity test and autocorrelation test.

From the analysis result, it indicates that debt to equity ratio and profitability variable partially significant toward dividend policy on the level of significance less than 5 percent, while it indicates that free cash flow and collateral assets variable partially not significant toward dividend policy. While simultaneously free cash flow, collateral assets, debt to equity ratio and profitability proof significantly influent dividend policy in level less than 1 percent. Predictable of four variables toward dividend policy is 20,4 percent as indicated by adjusted R square that is 20,4percent while the rest 79,6 percent is affected by other factors which are not included into the study model.

Keywords : dividend policy, free cash flow, collateral assets, debt to equity ratio, profitability