

ABSTRACT

The purpose of this research is to examine the effect of dividend payments and earnings quality. The independent variable used in the examination is dividend payment, with three indicators, namely: a) total dividend, b) dividend increase, c) dividend persistence. While the dependent variable measured is earnings quality, with 2 indicators, namely: a) ADA (Absolute Value of Performance-Adjusted Discretionary Accruals), b) AAQ (Annual Firm-Specific Absolute Value of The Residuals).

This research examines manufacturing companies listed on the Indonesia Stock Exchange from 2017-2018 with total sample is 122 sample. Sampling based on purposive sampling method that follows certain criteria(s). The analysis method used is PLS (Partial Least Square) with SmartPLS 3.0 software.

The result of this study indicates that dividend payment have a positive effect on earnings quality. Valid indicators are dividend increase, ADA, and AAQ. Dividend payment indicator that effect earning quality is dividend increase.

Keyword: dividend payment, total dividend, dividend increase, dividend persistence, earnings quality, ADA, AAQ.