ABSTRACT

Dividend policy is the company's decision to pay part or all profits to shareholders , unless there are other provisions set out in the Annual General Meeting of Shareholders. Dividend income is taken from internal-financing which is the revenue. Inconsistencies results of previous studies primarily on the cash flow factor is the basis for this research by developing an analytical model of BCG as a moderating variable logic basic, which are firm size and life cycle of the company . Dividend policy in this study was measured by the ratio of the amount of cash dividends paid to outstanding shares . This study aimed to examine the effect of cash flow relationship (CFPS) on the payment of dividends (DPS) with size (SIZE) and life cycle (LC) company as a moderating variable , as well as profitability (EPS) and leverage (DR) as a control variable .

The sample are manufaturing company listed on the Indonesia Stock Exchange for years 2010-2012 totaling 133 companies, and the sample is toke with purposive sampling method. The analysis technique used here is a linear regression.

The results of this study, based on t-test showed that (1) cash flow significant positive effect on the payment of dividends, (2) a significant positive effect of firm size on the relationship between cash flow to the payment of dividends, (3) the life cycle of significant positive effect on the relationship between cah flow to dividend payments . The test results of coefficient of determination (R^2) in this study showed the number 0.798 for the model (1), 0.816 for the model (2), and 0,812 for the model (3). This means that 79,8% of DPS is affected by CFPs, EPS, and DR for the model (1), while the rest is explained by other variables. So does with the model (2) as much as 81,6 % of DPS is affected by the CFPS and moderating SIZE & controls, and 81,2 % DPS influenced by CFPS and moderating LC & controls, while the rest is explained by other variables .

Keywords: *dividends payments, cash flow, company size, life cycle, earnings per share, leverage.*