

## **ABSTRACT**

*The uncertainty factor of dividend income which is smaller than capital gains, makes investors tend to invest their capital in companies that have attractive and stable dividend policies. Even so, the dividend policy reflected by the dividend payout ratio also has its own volatility which is influenced by several factors. This volatility can be observed in the sample of dividend policy data which varies in the Primary Consumer Goods sector companies even though their profitability levels tend to be stable. Certainly, this indicates that there are several other factors that influence management in determining the company's dividend policy.*

*This study was conducted to analyze the effect of the independent variables, namely profitability, leverage, liquidity, and firm risk on the dependent variable, namely dividend policy. The purposive sampling technique was used to the sampling method in this study. Total sample used in this study was 17 companies that listed on the IDX in the Primary Consumer Goods sector during 2016-2021. Multiple Linier Regression was used to test the hypothesis with the IBM SPSS Statistics 25 program.*

*The results showed that the ratio of return on assets (ROA), which is a proxy for the profitability variable, has a significant positive effect on dividend policy which is proxied by the dividend payout ratio (DPR). The leverage variable as proxied by the debt-to-total-asset ratio (DAR) has a significant negative effect on the dividend payout ratio (DPR). The liquidity variable which is proxied by the current ratio (CR) has a positive and insignificant effect on the dividend payout ratio (DPR). The firm risk variable, which is proxied inversely by the price/earnings ratio (PER), has a significant positive effect on the dividend payout ratio (DPR). Thus, it can be concluded that an increase in profitability in a company will have an effect on increasing the company's dividend policy. On the other hand, the increase in leverage and the firm risk will affect the decrease in the company's dividend policy.*

**Keywords:** *Dividend Payout Ratio (DPR), Return on Asset (ROA), Debt-to-total-asset Ratio (DAR), Current Ratio (CR), Price/earnings ratio (PER).*