ABSTRACT

This research was conducted to examine the effect of variable capital structure, ownership structure, profitability and free cash flow to dividend payout policy on manufacturing companies listed in Indonesia Stock Exchange during period 2010-2014

The population in this research is all manufacturing sector companies listed on the Indonesia Stock Exchange during period 2010-2014. Sampling was done by using purposive sampling method so that the total sample in this study of 18 manufactur companies listed in Indonesia Stock Exchange during period 2010-2014.

Classical assumption test including normality test, multicollinearity test, autocorrelation test, and heteroskedastisitas test.Analysis of the data used by using path analysis and Sobel test with SPSS.

The study found that the variables capital structure (DTA), and ownership structure (IO) significant negative effect on dividend payment policy (DPR),and asignificant negative effect on free cash flow (FCF). Profitability (ROA) was not significant positive effectonfree cash flow but significant positive effect on dividend payment policy (DPR). Free cash flow (FCF) significant positive effect on dividend payment policy (DPR), but the FCF as an intervening variable, notproved capable of mediating variables influence DTA, ROA, and IO to the dividend payment policy (DPR).

Keywords: capital structure, ownership structure, profitability, free cash flow, dividend payout policy.

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