

ABSTRACT

Company can provide dividends that are large enough so that it will generate interest in the holders of investors to want to invest in the company. Investors prefer companies that can pay large dividends to companies that pay small dividends, and there are even a few companies that don't pay dividends at all. This dividend distribution policy is affected by Profitability or Return On Assets (ROA), debt policy, free cash flow, and company growth. Factors that influence the provision of dividends at this writing are return on assets (profitability), current ratio (liquidity), debt to equity ratio (leverage), growth (growth), and company size (firm size). Purpose of this study was to test empirically whether profitability, current ratio, leverage, growth, firm size affect dividend policy in manufacturing companies on the Indonesia Stock Exchange partially or simultaneously (together). Population that was used as the object of observation was 110 manufacturing companies on the Indonesia Stock Exchange in the 2016-2020 period. Determination of the research sample using a purposive sampling method where sampling is based on certain criteria, obtained a sample of (n) = 22 companies. The results of data analysis show that the dividend policy is related (correlated) or affected by the variable return on assets, the dividend policy is affected or has a correlation with the current ratio variable, the dividend policy is not affected by the variable debt to equity ratio, the dividend policy is not affected or related to variable growth, dividend policy is not affected by the variable firm size. Simultaneously (together) return on assets, current ratio, debt to equity ratio, growth and firm size affect dividend policy in Manufacturing Companies on the Indonesia Stock Exchange. In this study, there are still many limitations and shortcomings namely the effect of independent variables on dependent variable can only explain 44,8%. Hence, more independent variables are needed.

Key words: *profitability, liquidity, leverage, growth, firm size, dividend policy*

